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23 JUNE 1989



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# ***JPRS Report***

# **Soviet Union**

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***Economic Affairs***

# Soviet Union

## Economic Affairs

JPRS-UEA-89-017

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23 JUNE 1989

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## ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

### Latsis Airs Views on Import Priorities

18200297 Moscow *EKONOMICHESKAYA GAZETA* in  
Russian No 10, Mar 89 pp 15-16

[Article by O. Latsis, doctor of economic sciences: "We  
Cannot Work in the Old Way"]

[Text] The evaluation of the present state of affairs in the economy is contradictory. There are processes that have turned for the better in certain directions, that promise to improve the situation in the future, but obviously not the very near future. Even the very first steps in the direction of more complete economic accountability promoted improvement in the work of enterprises. I deliberately say "more complete" because there cannot be complete economic accountability when the prices are out of line, in the absence of wholesale trade, when ministries retain their old functions.

But enterprises, after receiving such an important element of management in their hands at cost accounting income, which depends on their activity, have begun to relate more demandingly to the expenditure of their money and all resources. This was initially expressed in the reduction in force in branches of material production and by improvements in the movement of material inventories: they continue to grow but at a slower pace. The decline of the output-capital ratio has decelerated.

However these processes are still not yielding an instantaneous result that is evident for everyone to see and are not immediately reflected in the well-being of the working people. These processes concern the sectors in which the consequences of negative phenomena have been accumulating for decades. Therefore the "spiral" will have to uncoil here for a long time, perhaps not decades but years, in the reverse direction in order to achieve appreciable changes.

What is more, if the contradiction between new cost accounting interests of enterprises and old methods and approaches in planning, in the work of ministries and departments persists, all these positive processes will become bogged down.

Therefore, basic attention is presently focused on negative processes in economic development. This primarily includes everything that stems from the state budget deficit and is concentrated around problems of financial normalization. For the population, these problems arise in the crisis of the consumer goods market as a problem of insufficient commodity accumulation.

We cannot long survive the rate and scale of deterioration of the situation in the consumer goods market that confronted our country last year. One more such year

and the market might collapse, i. e., may result in the same situation that confronted Poland in 1981-82, in empty counters, when trade simply ceases to exist.

In such a situation, goods disappear not because they do not exist at all. After all, production does exist, but because there is not even a slightly realistic correlation between the money mass and the commodity mass. The "flight from money" begins. Purchases cease to be regulated by price. People buy goods not because they need them but because they are available. Finally it becomes impossible to buy anything. Something similar is already happening in our country. First one, then another good becomes the subject of feverish demand. A sharp difference developed not only between demand and commodity supply but also between demand and need.

Events are capable of developing in such a direction when the excess of money incomes over the delivery of goods to the market is expressed in tens of billions of rubles, when shortages are accompanied by spasmodic avalanches of surplus money. All this exists in our country and all this requires decisive measures.

Why have we come to such a situation? These questions are actively discussed in the press. I agree with the conclusion that the deterioration of the situation in the consumer goods market reflects structural shortcomings that formed in our economy in the past, during the period of stagnation. However this answer reveals only half of the truth.

It is also necessary to answer the following question: are shortcomings of the past entirely to blame for everything or are today's management practices also at fault? Evidently, the latter is also true. For example, our capital investment expenditures have not diminished as planned but have increased. The volume of incomplete construction was to have been reduced but increased instead.

We have increased the cost accounting independence of enterprises. We have given them cost accounting funds for development, but we have not concerned ourselves with taking from ministries the right to essentially dispose of enormous sums of state capital investments any way they see fit. Figuratively speaking, water now gushes from two, not one, taps in our barrel. Thus, we will never have enough of it. Here it is a question not only of the quantity of resources expended, but rather of the quality of these expenditures. The capital investments of ministries are immeasurably less effective than those of enterprises because the money belongs to no one.

The question of the characteristics of our social order arises in this connection. What is happening to socialism as a result of perestroika? Are socialist principles in our society growing stronger or weaker? Some comrades in our country and abroad believe that socialism is growing weaker. Of course, from the standpoint of dogmatic views of socialism, it is possible to think about its

weakening. After all, according to these views, the concentration of all power in the state sector and strong centralized power specifically constitute the most complete socialism. But if one proceeds not from such Stalinist ideas but from Leninist premises, the evaluation will be different. When V. I. Lenin spoke of socialism, he was thinking not of the formal socialization of production but of real socialization, of the organization of economic relations in society that subordinate the development of production to the interests of man. If we evaluate perestroika from these positions, we see that socialist principles in our society are not being eroded, are not weakening, but are growing stronger.

We very strongly emphasized the formal socialization of production. Everything in our country belonged to the state but nothing was really public. What belonged to the state did not really belong to anyone. Any worker could steal from a state enterprise and nothing would change in the given worker's earnings or the earnings of the work collective. Conversely, if everything were used rationally, there would be no acquisitions either for the given worker or for the collective. The state's property indeed looked like no one's property. It did not appear to belong to me—a worker, engineer, or peasant.

Now that we have begun making a distinction in real forms between the quantity and quality of each person's labor, between our contribution to the public kettle and what we get from it, the social character of the creation and use of products at least at the enterprise level is substantially strengthened. Property at the level of state enterprises has to a greater degree been revealed as truly belonging to the public rather than to no one.

Let us now see what has changed where the ministries are concerned. Essentially nothing. The resources that had been at their disposal remained at their disposal as bureaucratic property. This is of course a literary phrase, but analyze how the ministries dispose of centralized nonreturnable capital investments financed by the state budget. Numerous facts attest to the fact that they dispose of these public means as if they were their own without any regard whatsoever to social effect and social interests and in many instances contrary to them. Management practices of Minvodkhoz [Ministry of Land Reclamation and Water Resources], for example, have already become the talk of the town and a popular example of extravagance.

The old mechanism for spending money and state capital investments, which we consider admissible for ministries, is of course now a mistake and a shortcoming of perestroika. We have lost control of this side of things. New socialization has not yet risen this far. The higher level of socialization that is generated by radical economic reform has not been attained. We have not extended these resources that are left in the hands of the ministries to these resources and they should have been extended to them.

Do we retreat from the tasks of centralization in the process? After all, the modern economy demands the centralization of resources and we cannot allow them to be dispersed. This is true. But we have for some reason admitted that ministries are the best centralizers. Nothing of the sort. It is entirely possible to combine enterprises' resources and to use them effectively through joint-stock companies.

The contradictoriness of the present moment consists in general in the fact that we frequently use old methods in the effort to solve our problems. Here is an example. We must develop production of Group "B" products at a faster rate than Group "A" products. But this could not be done in the first year or in the second year of perestroika. This was possible only last year and the relatively more rapid growth rate was insufficient. What is more, many data indicate that this is an inflationary excess. There was no real increase in the volume of light industry's output. The increase was due to the increase in prices. It might seem that in the best traditions: additional billions of rubles of capital investments were supplied; the target of commissioning new capacities was set but not met. Perhaps such additional targets should not have been provided. Sufficient capital investments were supplied long ago but it was clear that they could not be utilized in the present situation.

Additional capital investments should not have been provided for enterprises producing Group "B" products and capital investments should have been reduced in the case of those that produce Group "A" products.

If we did not increase "paper" capital investments in the Ministry of Light Industry, but instead reduced capital investments on the basis of state and centralized nonreturnable allocations for Group "A" branches, but reduced them to such a degree that would reduce demand for all types of resources in the production sphere to the level of real possibilities, construction capacities, construction materials, equipment, and capacities of design organizations would cease to be scarce in our country.

This alone would be sufficient so that we would at least begin fulfilling old plans for the development of light industry and for the production of consumer goods. At the same time, in the consumer goods market we would free ourselves from the additional demand that is made by workers whose earnings depend on the production of Group "A" products in industry and in construction.

New tasks cannot be realized using old methods.

But to date, notwithstanding proclaimed reform principles, we try to operate using conventional techniques. Hence the difficulties. And they are not connected with the fact that have too resolutely followed the path of reform. Our difficulties stem from the fact that we have not been sufficiently decisive in following the path of reform.

We have still not ventured to abandon the last major link in the old management system such as ministries in their previous form. We have merely curtailed them somewhat. But this is not substantive. Functions are substantive. It is ultimately all the same whether a ministry that performs a harmful function is staffed by a hundred rather than a thousand people. It is important that it performs a harmful function that obviously contradicts the demands of effective management. The connection between the old functions of ministries, their wasteful expenditure of capital investments, the budget deficit, and difficulties in the consumer goods market is direct.

In order to combat the deficit, it is obviously necessary to produce more consumer goods. This task must be resolved by new methods. Our market's unsatisfied demand amounts to tens of billions of rubles. Is it possible that we can satisfy it exclusively with clothing and footwear? And if we want to be filled with market consciousness, this must be a civilized market consciousness, an understanding of the fact that the discovery of new branches of demand produces the greatest effect. The reference is to the production of consumer equipment and new technical products. The period of initial saturation of need provides the greatest effect. It is advantageous to develop production at a time when not everyone has bought their first automobile, refrigerator, or television set, rather than when they are exchanging the old set for a new one. A new product means enormous, bottomless demand and enormous benefits for the budget, for industry, and for the population.

Let us take the Western economy. Microwave equipment is the last word in this sphere side by side with home electronics and video equipment. In addition to the electrical and gas cook stoves with which we are familiar, microwave ovens are also used to prepare food by means of super high frequency current. First, everyday conditions are radically changed. They cook meat, for example, in 5-10 minutes. Second, they use half as much electricity. This is very important for our scale of consumption of electric power in the home where the saving of even several percent means a large effect.

What is more, we are not talking about just one branch. A whole group of branches connected with the production of microwave ovens has formed. They include the production of specialized utensils and specially processed, packaged, and frozen food.

We have absolutely no such orientation toward the transformation of the consumption sphere, toward the mass formation of a new direction of demand. Of course if we create whole branches to produce microwave ovens, personal computers, and video equipment, which are almost nonexistent in our country, it will be easier to curb the shortage. In connection with questions relating to ways of saturating the consumer goods market, the urgent question to accept or not accept foreign loans arises. The development of imports is another way of satisfying demand. This way is tempting because it offers

a rapid solution to the problem and opens up the possibility of selecting goods of the highest quality. Unfortunately, it requires foreign currency. I am for imports and I consider it an error to cut imports of consumer goods excessively even in the face of our limited foreign currency reserves. We must economize not only on manufactured consumer goods. This is in general a very small part of our currency expenditures that has now become still smaller. We must economize on grain imports that are extremely irrational. We pressed for tonnage and bought very many tons of grain, but we bought very little of what we should have bought—protein-containing feeds. Departmental interests once again predominate here.

The same can also be said about imported equipment that we buy in considerable quantity but that we utilize badly. We proceed from the most general consideration, dating back to our school years, that the most progressive path is not to "eat up" our credit but to use it to buy equipment so that we can produce the goods ourselves. In general, this formula is correct.

But the approach to equipment purchases must also be changed. We must economize not through the arithmetical reduction of expenditures but by eliminating what we clearly do not need. After all, at the same time that the situation with foreign currency is desperate, our inventory of uninstalled equipment has grown. This means that imports are small and great at the same time. And whatever is doomed to be part of the inventory of uninstalled equipment must be eliminated.

In the long run, of course, it is better to import equipment for light industry in order to develop our own production. That is beyond question. But there must be no onesidedness on the question of importing consumer goods. In such large-scale, volatile production as the production of consumer goods, given the enormous degree of their renewability, it is very important to consider the competition factor. Imports are instrumental in combating the monopolistic position of the producers of goods. If our market is beset by shortages, then all enterprises are in a monopolistic position vis-a-vis the consumer.

There is also the monopoly of the usual low level of quality of goods. In order to disrupt it, we must have the competition of the foreign market, we must have imports. Accordingly we must continuously have a rational share of imports. All import valves cannot be closed off.

And finally, at the same time that we decide the question of credit for imports of consumer goods, we must consider the urgency of the present situation in the consumer goods market. We have no time to wait. Brisk demand may be switched to other goods. But imports could very quickly halt such demand for powdered laundry soap, for example. We should inundate stores



with it if only for one day in order to calm the market down. Tomorrow the demand will be several times less. Demand is nervous, purely psychological, but not real.

Imports of consumer goods are also necessary because as a result of the large difference between prices on domestic and foreign markets, they are particularly advantageous to us. Owing to the extremely high prices on manufactured goods and the unduly low prices on food in our country, the budget effectiveness of imports of the former may be fantastically high if imports are properly structured. Specifically: given the orientation toward technical goods, e. g., home electronics which is especially advantageous to import by virtue of the correlation of prices. Therefore our prejudices against credit for importing consumer goods is a very great hindrance to us in our effort to overcome shortages. The real problem is what the scale of credit should be.

I believe that without detriment to the economy we can increase our indebtedness by 1-2 billion rubles to this end even though I am not certain that it is necessary to do so. It is much more important to alter the structure of imports. In recent time we have reduced our imports of consumer goods by several hundred million rubles and in so doing deprived the budget of eight billion rubles. Can there be any justification for this?

Our foreign debt is still within safe limits. Western observers estimate it at \$20-30 billion. Within this framework, an extra one or two billion dollars is not so terrifying. And for our market, if they were correctly used they would become a substantial means for attaining equilibrium. If we use credit to buy video recorders, cassettes, and personal computers that will be snapped up in an instant for high prices, this will of course do much to balance our market.

But I categorically disagree with the proposal to accept credit of \$30-40 billion.

First, this will increase our indebtedness 2-3-fold and will make it unmanageable.

If we add to our \$20-30 billion another \$30-40 billion, this will raise indebtedness above the empirically established safety limit and the entire world considers this limit to be the annual volume of exports for a given currency. As a result, we will work to pay off the interest on credit, we will export more than we import, but we will pay still more for interest. Exports will grow and our indebtedness will increase at the same time. This is what we must not allow to happen.

It is sometimes said that fear of assuming large credit is an indication of a lack of confidence in perestroika and its success. This is an improper formulation of the question. Faith in perestroika is a political category while credit is an economic category. I cannot express my faith in perestroika in kilograms, hours, years, and rubles. But when I take something on credit, I am then

concerned with days, dollars, and kilograms. It must be remembered that so and so many billions of dollars must be repaid by a certain date. Can I, purely on the basis of general political faith in perestroika and the faith that we will in time have a civilized economy, say that I will be able to pay off a debt by such and such a date? No, of course not. We must first establish internal order, learn how to use all reserves for economizing capital investments before we talk about accepting or not accepting large amounts of credit.

Today there is discussion about what we have built in our country and the kind of society we live in. I would not exert too much effort thinking up new names for the society that was created in the thirties and forties. The formulation of the question itself encourages scholasticism. The point is not to think up a new label: whether the foundation of socialism, deformed socialism, or state socialism has been built. The name still does not explain anything. It is necessary to describe real processes and it is especially important to understand present real changes. Of course this requires picturing existing society's shortcomings that we must get away from. I believe that we have already done a rather good job of depicting them.

I am convinced of the principal importance of something else—the fact that the adopted directions in perestroika strengthen our society's socialist character. The democratization of our society, the second aspect of our perestroika—the reform of the political system—is the culmination of solution of the question of giving state property a more social, a new, 'public' character. After all, the state itself is becoming social to a greater degree.

As is known, the existence of state property does not in any way indicate the socialist character of society. Public property existed even under feudalism. Under capitalism, there is any amount of public property. There are even countries where state property accounts for more than half of large-scale industry. The whole question is how this property is used and what kind of state it is. If we have a state that is democratic and truly socialistic, then the property that it has at its disposal will be used in the interest of the people.

If we abandon bureaucratic statization [*ogosudarstvlivaniye*], we will unquestionably draw closer to socialism, we will strengthen the socialist character of society, and we will be closer to Lenin's idea of socialism.

**Abalkin Comments On Lessons Of Restructuring**  
18200280 Kiev PRAVDA UKRAINY in Russian  
14 Feb 89 pp 1,2

[PRAVDA UKRAINY interview with Academician L.I. Abalkin, director of the USSR Academy of Sciences Institute of Economics: "Five Lessons From Perestroika"; first two paragraphs are introduction]

[Text] A few days ago, Kiev hosted a joint session of the social sciences sections of the UkSSR and USSR Academies of Sciences. Academician L.I. Abalkin, the director of the USSR Academy of Sciences Institute of Economics and a well known scholar, was one of the people involved in the meeting.

Academician Abalkin has graciously agreed to PRAVDA UKRAINY's request that he share his feelings about how much progress perestroyka has made.

Question: Leonid Ivanovich, could you tell us something about the processes now underway in our economy?

Abalkin: I would say the most important lessons of the last three years are already obvious. So I would like to start further in the past.

During the period of stagnation, when our society was headed for disaster, major ills of the socialist system became apparent. We lost ground and socialism lost some of its appeal, both at home and abroad. We were hovering just outside the mainstream of scientific and technological progress, unable to combine scientific developments with the humanitarian values of socialism. And furthermore, our country, despite its favorable climate and land, proved unable to feed its own people without help.

All of this was indicative of how flawed our institutions and techniques of economic management were.

The reality was that the working man was losing more and more of his authority to run the country, gradually turning into a common day-laborer.

So we had no alternative but to make revolutionary changes to the very foundation of our society.

The first lesson we learned from that period was that if we wanted to be in the mainstream of societal progress, we would have to inaugurate a policy of perestroyka far vaster than any seen in the past by our country. Perestroyka is an opportunity given to us by history, and we cannot afford to let it pass.

But there is no such thing as a painless revolution. And the second lesson we learned from perestroyka was that we should not expect it to be unanimously supported. Time has shown that this is true, as has the fact that triumphant results have not been immediate. We must be aware that changing the face of socialism is going to take more than just three or four years; it is a job that will take decades.

We need do no more than look at the so-called technocratic picture to illustrate this point. Industry needs to be completely retooled, quality has to be raised, and our products need to be not only competitive, but worthy of the citizens of a socialist country. These things do not happen overnight. If we create the illusion or expectation that changes will be immediate or soon, we are also creating a source of social disillusionment. And that is the third lesson.

Why do we have to orient ourselves to a long-term effort? I will answer this using the machine-building industry to illustrate. As you know, upgrading the machine-building

industry was a priority in this Five-Year Plan, with capital investments in it raised by a factor of more than 1.8. This means that we will be building and retooling. But we will be doing it according to outdated designs. What is the problem? Are we incapable of buckling down for six months and designing an up-to-date enterprise with modern machinery and equipment? The answer is no; we can design such a plant. But when we do, where will we get the machinery and equipment? For the time being, we do not have our own, and no one will sell us theirs. But we have to keep building all the same, constantly moving ahead. Thus, it is going to take us 8-10 years to retool the entire complex of light and food industry enterprises.

There is yet another side to this problem. Design does not answer the question of who is going to work at the new enterprise. Experts estimate that it takes 25 years to put together the personnel needed to run a modern machine-building facility. They need the training, tradition, and skills that are part of a new, more refined attitude toward their work—an attitude that differs from the sledge-hammer mentality of the past. Our problems today are not caused by a shortage of scientific ideas or capital investment, but by shortcomings of our culture in the broadest sense of the word. Our enterprises will never reach the level of technology of, say, the Japanese as long as the scenes in our elevators, doorways, busses, and parks persist. We will need a whole generation (and then only if we put our hearts into it) to inculcate in people the values commensurate with the new technologies. This is what makes the job so difficult and complex: the economy is linked to culture, culture is tied to policy, and so on.

At times we continue to bank on the power of decrees—to believe in draconian decisions. We continue to tally the number of orders issued and regulations made. For example, we were optimistic about the Goszakaz [State Procurement System.] It was introduced last year and received priority in the allocation of resources. And the result? Only two thirds of Goszakaz building projects were launched.

That was the fourth lesson. Perestroyka has shown that no major economic changes are possible unless the deep-rooted, fundamental substruction of the productive relations is also changed. We are not going to have real, irreversible progress until these changes are made. Without them, there will always be a possibility that we will revert to the government-by-fiat of the past.

Marxist theory proves this when it teaches that the productive relations in any society manifest themselves as interests. So if reforms leave people uninvolved and passive, it means the changes behind these reforms are mere formalities that have not affected these interests.

We are now seeing the very beginning of a process in which people are becoming more active on a civic level. And our most important job at this time is to insure that

the entire public, not just a small group of managers, works to implement the changes. We need to remember Lenin's idea that real politics begins not with the thousands, but with the millions.

Question: What does the upgrading of productive relations mean?

Abalkin: Primarily, it means upgrading the system of ownership. It involves developing a variety of institutions and structures and creating competition, while ensuring equal conditions. But there is a more important side to the problem, the hard part. We have to create an environment in which workers in the public sector are as zealous about their jobs and equipment as they are about their private plots, their rented farms, and their little cooperatives. That is, they need to behave like they are in charge. Creating this environment means using the historical opportunity perestroika has given us and instituting socialist ideals.

We often hear people talking about how public property does not belong to anyone. And in fact, the individual worker does not own it, nor do collectives, or even the working class as whole. But how can we have ownerless property? Don't bureaucrats take the place of owners? It is no secret that management personnel have begun acquiring some of the features of a class. We need to study these processes unemotionally, since they are a matter for serious scholarly analysis.

I feel that the prospects are good for breaking the grip of the bureaucracy and charting a course of social progress for our society. Our success will be determined by the kinds of institutions and structures we evolve for accommodating the farms, property, and economic management organizations. Our idea that kolkhoz-cooperative property would quickly merge with public property was wrong. Instead, social progress is going to entail a proliferation of public institutions, structures, and systems.

For example, there are now several effective ways of organizing agriculture. These include sovkhozes and kolkhozes (where they actually work the way they are supposed to), lease arrangements, small cooperatives, personal private plots, etc. Each has good prospects. The question is not whether we should institute lease arrangements everywhere, from Brest to Vladivostok. Instead, we need to choose the method that will be the most productive for a given set of conditions.

And the fifth, possibly most important lesson perestroika has taught us is that economics does not forgive those who take it lightly or ignore its laws. Our disregard for these principles led to what happened in 1988: a huge economic imbalance, a state budget shortage, bare shelves, and, in their wake, a dissatisfied people.

We have often had to act without the needed resources. For example, state budget spending has recently been growing faster than national income. Even in the past,

this never happened. For 1986-87, spending grew by 44.4 billion rubles, while national income rose by 21.1 billion. Because of this, we are now redistributing 72 percent of the nation's income through the budget. In other words, we are doing no more than taking from one pocket and putting in the other. This has encouraged an imbalance in the rates at which productivity and wages grow, and caused the singular growth of retail sales. Real wages have grown by seven percent, or 25 billion rubles. But monetary incomes have grown even faster, by almost nine percent. Unmet demand has also grown. This in turn has fueled speculation and other undesirable activities.

In order to deal with the situation, we are going to have to take special measures in the form of a program of economic recovery. Scholars have drawn up recommendations that, in my opinion, could serve as the main topic of discussion at the upcoming Congress of Peoples Deputies. It is at this forum that the government will receive the people's mandate to take extreme measures.

Question: Should these measures include monetary reform?

Abalkin: I oppose monetary reform.

Question: Will steps be taken to cut prices on goods and services?

Abalkin: There is no financial reason for doing so. We are proposing to index incomes. An expert commission will periodically determine the amount of price increases. For example, if prices increase by five percent, incomes (benefits, wages, etc.) will be multiplied by the index 1.05. I feel this is better than offering lump-sum payments.

Question: So you are in favor of price reform?

Abalkin: No. At this time I personally oppose price reform. Most economists at the USSR Academy of Sciences share this opinion and reject the plan drafted by the Goskomtsen [State Price Committee.]

Question: Is it possible to do something about the non-availability of inexpensive goods?

Abalkin: That is not the question. Any work in this area will be tantamount to shoring up a crumbling edifice. What we need to do is change the system, curb our obsession with gross figures, and balance the market. We need to make sure there is only one thing in short supply in our economy: money. There has to be more than enough of everything else.

Question: But is there anything we can do now, without credit, to improve the situation in the consumer goods marketplace?

Abalkin: Certainly. To do so, we need to:

a) design and implement a ten-year program of cutting grain imports—by ten percent per year. There is no reason a country like ours cannot do this.

b) stop letting money stagnate in past-deadline construction projects. What is the point of building industrial giants and buying imported equipment when we already have billions of rubles worth of uninstalled equipment gathering dust?

c) review the breakdown of our spending and "redeploy" hard currency. For example, a ruble spent abroad on instant coffee yields ten rubles in profit, while the same ruble spent on electronic goods brings in 20-50 rubles. And there are some products that barely yield a single ruble. We only buy them in the first place because of wretched management.

Question: Leonid Ivanovich, thank you for speaking with us. I would like to ask you one more question. Has our economy recovered from its period of stagnation?

Abalkin: Unfortunately, no. But, I reiterate, we still have the opportunity to help it do so. But we cannot let it slip by; we must act!

**Shmelev Interviewed on Reform Progress,  
Regional Autonomy**

18200296 Tallinn MOLODEZH ESTONII in Russian  
4 Mar 89 p 2

[Interview with Nikolay Petrovich Shmelev, writer, economist; publicist; by MOLODEZH ESTONII correspondent Ella Agranovskaya]

[Text]

[Agranovskaya] Nikolay Petrovich, did you think that the publication of your works in NOVYY MIR would produce such an overwhelming response, that you would acquire the popularity of a variety star among your admirers?

[Shmelev] In this connection, I sometimes laugh at myself and when I am invited to make an appearance I say that I am tired of being on the stage, that I want to sit down at my writing desk. Of course it never entered my mind that there would be such a response. It was like everything we do in Russia. Not because there was any particularly serious intention to say everything but simply because a nice person said that there should be something about economics in the journal. And because I wanted very much to support him (you spend a lifetime thinking about it and perhaps you write once for a lifetime), I sat down and started writing.

[Agranovskaya] Do you mean to say that you had never written such things before?

[Shmelev] No, of course not. That article even had a subtitle—"From an Economist's Report Notes"—that I deleted at the insistence of the editors. So that everything that was said there had been written for the higher echelons in one way or another with the stamp "for official use only." The other conversation, if it was read, was read for information and for reflection.

[Agranovskaya] What do you think, Nikolay Petrovich, does the upper echelon have the full picture of what is going on in our economy?

[Shmelev] I do not believe that anyone has thought this out all the way. After all, the system of mutual reassurance was very effective. Of course, there were obvious things. Of course, the basic, raw data in this picture were clear even then, but the entire desperate economic situation into which we have fallen was hardly apparent. After all, the ones on top are also people, not gods. I think that they, like you and me, are gradually coming to realize more and more just how serious this situation is.

[Agranovskaya] It is interesting that in the world there are analogues to our situation where the average person understands about the economy just as much as he hardly needs to understand, where he sees more than the mayor of any city. I realize that I am exaggerating, but all the same!

[Shmelev] Exaggerating? Of course you are exaggerating, but there are not so many countries in the world that find themselves in such a difficult economic situation, that are confronted with so many difficult problems, and that must also know how to resolve them. We know the direction and we know more or less where we have to go and the road to take to get there. The road may be to the west, to the east, to the north, or to the south, but it is possible to reach it in different ways. A splash of public interest in the economy is entirely understandable: after all, we are making the transition from an absolutely thoughtless time, from absolute economic illiteracy, from the belief that the good tsar would solve all problems himself or that his nobles at least would solve all economic problems to the understanding of the fact that this depends on entirely different things. After all, our country has truly become genetically habituated to solving everything using a crowbar and force. This has been the thinking of not only the leadership in all stages, but of every individual as well. But we are only now being made aware of the fact that the economy has its own laws, that nothing will come out right if we do not obey these laws, that the desired rate of scientific-technological progress and a decent living standard are lacking. We have been living continuously in an extreme situation, in different variants of a wartime economy. But when life more or less returned to normal, our economy and thinking proved to be unprepared for this.

[Agranovskaya] Nikolay Petrovich, has our economic science developed during all those years?



[Shmelev] This is unfortunately a prejudice—a stable prejudice. It is sometimes accidental and sometimes a deliberate attempt to shift the responsibility to someone. It is a prejudice that is characteristic of many people in the top echelon and a prejudice that is characteristic of the street: where is economic science looking, what are economic scientists thinking, what do they recommend? Frankly, our economic science has always been quite good. We had wonderful, highly qualified, world class economists in the twenties, but all of them were shot. Then there was some new growth that somehow managed to survive despite all the Stalinist horrors and when in the late fifties the valve was opened a tiny bit, we once again had a new school and I emphasize once again that it was high caliber! By 1968, it was also stifled. Today none of its members are still living—they simply died. Economists were never heeded in the Stalinist and post-Stalin period, but they did exist! And that which you and I are presently experiencing—our ills, our objectives, and the ways of realizing our objectives—all this was seriously discussed in the late fifties at a very high professional level. Then the turn of events was such that people fell silent. At best, they started writing notes with the seal "for official use only" which did not in general play any role. Today's splash of economics is not the splash of any new thinking. The groundwork has already been prepared—it is only that people are starting to talk about it out loud. And they are being heard.

[Agranovskaya] Attentively!

[Shmelev] Let us say with half an ear. No, not half an ear, but a fourth of an ear. But it is necessary to reckon with the professionals. Unfortunately there is not very much reaction at the state level; it is as if economics, economic laws, specialists, and economists do not exist. Do you know how to break a stick over your knee? That is the only method that we know.

[Agranovskaya] Can you illustrate your point?

[Shmelev] I can cite many illustrations, unfortunately including many from recent time. I believe that from an economic standpoint, the preparations for and execution of the campaign against alcohol were amateurish. I am well aware that this has become a national disease and that there can be a great deal of discussion as to the source of the disease. Is it because the people have consciously turned to drunkenness? This too. Is it because the people despaired, became indifferent, recognized the fact that they were totally unneeded, that they could not make any headway in life? Was it because of melancholy? This was also a reason. There were many reasons. But can this disease be treated with an ax, with a club? That is not the treatment. It must be treated over a long period of time, in the general climate of our life, both spiritually and materially. But what do you accomplish by uprooting vineyards and closing down distilleries? The result is a monstrous hole in the budget; the

moonshiner has created a sector that could never have been dreamed of before; the black market has flourished; and we have no idea what to do about the hole in the budget.

[Agranovskaya] Can it be that there are no other steps that are similar in their impact? Steps that are difficult to motivate by any manner of arguments.

[Shmelev] I am certain that there was no consultation whatsoever with specialists in this most absurd campaign against nonlabor income. The campaign was absolutely inept. Nor do I believe that any serious professional could have advised cutting consumer goods imports at a time when we have deregulated the entire financial system and the budget deficit is growing; after all, it has more than doubled in the last 3 years. And under these conditions, to curtail imports of consumer goods from which the state receives taxes and budget revenues. This instead of curbing imports of equipment of which we have an abundance in our warehouses and trying to cut imports of grain and meat. And this could be done. But they cut imports of consumer goods. I know that many of my colleagues are invited to act as consultants and to participate in discussions, but nevertheless professional economists have little impact on the practical decisions.

[Agranovskaya] Nikolay Petrovich, I have nothing whatsoever to do with economics but like any person with common sense I try to understand the logic of certain of our steps. This is what is troubling me. Tell me, please, where is the logic when we attack nonlabor income, then develop cooperative activity, and then attack the cooperatives? Does this strange inconsistency—to the uninitiated view—fit into any system?

[Shmelev] Our development is according to the principle "two steps forward, one step backward" or even one and one-half steps backward. It is like tug-of-war—forward-backward, forward-backward. I have already said that the campaign against nonlabor income was a mistake of the first water. Then there was this good law on the cooperatives. No sooner was it passed than the Ministry of Finance tried to stifle it. It did not succeed and the cooperative continued to develop. The next attempt to stifle it was made quietly by the Committee on Prices and then by a decree of the Council of Ministers prohibiting cooperative activity in certain spheres—I consider this a step backward. Now there is a new decree. I do not know what will come of it but at least it will eliminate obvious injustice toward cooperatives. Cooperatives compete with the state sector and at the same time, they are placed under unequal conditions. Officially and unofficially unjust conditions. Officially, cooperatives could not buy raw materials, supplies, and equipment at a wholesale base for state prices. They continuously overpaid three- and even fivefold. Unofficially because you cannot obtain authorization. And the system of requisitions formed.



[Agranovskaya] Well, that is almost official.

[Shmelev] Let us say that it is quasiofficial. My friends who are in cooperatives told me that the price of a square meter of nonresidential area for a cooperative cafe or sewing shop has already been established in the form of a bribe: 150-300 rubles. Thus if you want to rent a nonresidential, basement premises of 100 square meters, you should have a bribe of 30,000 [rubles] ready. That's for a start. I will not venture to say who gets this money, but that is a fact. There is already a monthly rate: approximately 2500 must be given to rayon authorities; 500-1000 rubles to the law enforcement agencies; there is also the fire inspection, the sanitation inspection, the trade inspection, and so forth. This is also a market. Then you are visited by criminals carrying pistols and bludgeons—they also have to be maintained. But there is at least one point that pleases me: the fact that cooperatives are now being equated with state enterprises as regards supply. I evaluate the result of the most recent time, which is very debatable for the cooperative, as one step backward and one and one-half steps forward. The result is a half-step forward. Is there movement? Yes there is, but not the kind we would like to see.

[Agranovskaya] I find that very sad to admit.

[Shmelev] On the other hand, I would not lose the basis for optimism.

[Agranovskaya] Because you are by nature an optimist?

[Shmelev] No, I am not. I am a realist. Take note of the fact that the cooperatives were placed in unnatural conditions even though they were called upon to help: please help to stop up the holes. And it would appear that all reality and the official system plus those criminals are against them. And the saddest thing is that most of the people are against them. People who do not reason, people who have one thing on their mind: It is earning more than I. I have not yet begun to earn. No one is concerned with whether it is needed or not. It is blind envy, the psychology of the lumpen, which, unfortunately, is very strong in our country. Under these conditions, it is not surprising that the cooperatives are not developing as fast as we wish. The surprising thing is that there are already about 800,000 people in them in a year. This means that in a country that for decades that destroyed or at least morally pressured everything enterprising, there suddenly turned up 800,000 people who were willing to take a risk. To take the risk of undertaking a new venture. They were people who believed that life had changed in some way and changed in earnest. Of course some of them are motivated by criminal psychology: grab all they can for a year or two and then run away in the confusion. But the majority of them have really placed their hopes and interests on the line. It depends on whose eyes you are looking through. If you look very sadly, the cooperative is skidding. But if you look more or less realistically, without losing faith something has happened.

[Agranovskaya] In this sense, the Baltic republics are in a more advantageous position: the experience is still alive; there are still people living to whom this matter is not new, but to the contrary, is something old that they have not yet forgotten.

[Shmelev] Our people have not yet been entirely ironed out. God grant them good health. There is a chance that everything will be normalized, that the legal system under cooperatives will be worked out juridically, that they will be under equal conditions with state enterprises. And the real conditions are not only benefits. To receive supplies for the same prices as the state enterprise. But it is also necessary to bear the burden that is borne by the state competitor. When they were in an unequal situation, when the cooperative had to pay a substantial bribe for textiles, for example, it was difficult to demand that it pay turnover tax. But now this can be demanded. And this will be just because we all live in a country where, unfortunately, there is still a turnover tax.

[Agranovskaya] Is the state sector now prepared to be a worthy competitor of the cooperative?

[Shmelev] Not yet. It takes time. And until economic accountability really starts functioning, I believe that cooperatives will always be more maneuverable, more mobile, more effective.

[Agranovskaya] Nikolay Petrovich, the term "regional economic accountability" is now in very wide use. In your view, to what extent is it possible to formulate the question in this way under the conditions of presence within the borders of one country where all regions have not by any means had equal success in overcoming their economic backwardness? Is this reality or merely illusions and mirages?

[Shmelev] Perhaps this is not the best term because it cannot be understood without additional amplification. I do not consider myself a specialist on this question. I only have professional common sense. My colleagues might read more into this concept but to me it is connected with a very simple thing: instead of absolute arbitrariness in relations between Moscow and the region (I emphasize that does not necessarily need to be Estonia or Georgia, but can be any oblast, any city), there must be strict, legislative relations and reciprocal obligations. This essentially boils down to the following: let us assume that Estonia's national income is 100 rubles and that according to the law, it must give 25 of this 100 to Moscow. Moscow takes care of our defense, Moscow takes care of foreign policy, Moscow takes care of certain all-union projects. Generally speaking, it has the right, like any normal state, to claim them—federal taxes are federal taxes. But the rest—I am speaking extemporaneously—should be left to the republic. No one has the right to one more kopeck. The republic is the proprietress [*khozyayka*] and how she handles matters is nobody's business. Or the proprietor is Ryazan Oblast.

Or the Tatar ASSR. Or the town of Kologriv. And beyond that, there is Estonia's aggregate income, Tartu's income, and Tallinn's income. We're not making anything up here. It has been this way for a thousand years, and in normal countries, that is how things are today: the system of relations between central, regional, and local taxes. It seems to me that this is the basis of the "regional economic accountability" concept.

[Agranovskaya] Unfortunately, we do not only count money. We also like to count products, for example.

[Shmelev] Alas, in our economically depressed state, we also have to reckon with this factor. We sell so much grain, we sell so much meat that our entire meat supply is wiped out! In any normal state, one should be happy that one can sell meat to Pskov Oblast! In our case, however, this is a heart-rending experience. Even though we are paid for it. This is money. With normal money, the normal process is, for example: Volyn Oblast sells and Ryazan Oblast buys. But now the rationing system is belching: we have rationing and you have rationing. I realize that this is our real life. I understand that when deliveries to the all-union fund were moderate—in the fifties and sixties, for example—republics had a much easier time of it. But then we followed a road where everyone grew and grew and in general everyone was made equal to each other. But this was from common poverty, from disfigured, unnatural economic relations, when we divide among us not the ruble but a physical piece of meat. Rumors have reached me that toothpaste is sold in Tallinn only to people whose identity card shows them to be citizens of Estonia.

[Agranovskaya] Not Estonian citizens but residents of Tallinn and vicinity and in Tartu, for example, residents of Tartu. This is the decision of the ispolkom [executive committee].

[Shmelev] From an economist's point of view, that is insanity. Write that down. These are the manners of an insane asylum and an indication of desperation. Any measure as long as it is not an economic measure. And the tradition that we have all become accustomed to: all economic questions are decided by a policeman. A policeman. The chief economist is a policeman. What he decides, that is how things will be. If he allows you to come up to the counter with your identity card, the economy will prosper. If he does not, it will die. It is terrible that such methods have to be resorted to.

[Agranovskaya] Incidentally, I exchanged your home telephone number with a Moscow colleague for a box of powdered laundry soap. That's a joke, of course, but it sounded like it. Leningraders have recently been saying in jest: we are no longer permitted to send parcels to the Baltic republics. I do not know if things are being withdrawn from circulation or if this is the truth. After all, we really can't send a box of candy from here to there.

[Shmelev] Or anywhere else! And what about Moscow? Does it not snarl at visitors? And how it snarls. Why snarl at them? They are not the problem. There is nothing and a person tries to get something. But the market is the market. He does not come because he wants to buy Moscow sausage but because there is nothing whatsoever there. But we are accustomed to always blaming our neighbor and venting all our hatred on him. After all, no one blames even the store manager for this, to say nothing of the ispolkom chairman or the Chairman of the Council of Ministers. But this one has come carrying a sack: he is the enemy, he is a scoundrel. Even though all this is an indication of the sick state of the economy.

[Agranovskaya] In order to complete the topic of regional economic accountability, there are of course still many aspects and ideas, but let us dwell on the one regarding which you expressed yourself rather ironically on television. I refer to our own currency.

[Shmelev] Frankly this idea strikes me as crazy even though your [Estonian] economists have articulated it and even justify it. No matter what the case might be, whether good or bad, we do nevertheless have an all-union, if weakly integrated, market. If Bashkiria, for example, were to discontinue delivering oil to Estonia, Estonia would collapse within a month. We cannot set up individual principalities. If there is discussion of an Estonian currency that is distinct from the all-union currency, it will be necessary to station *streltsy* [soldiers in the regular army in Russia in the 16th-17th century] armed with pole-axes on the frontier and to set up outposts as in the 13th century to keep everyone out. This currency will not last a day. It would require severing all ties with the entire country.

[Agranovskaya] If we are indulging in fantasy, they can be reoriented toward the foreign market, is that not so?

[Shmelev] But that would take more than just one decade. Who will maintain the republic during this time? Where are the patrons that will do this? I do not want to enter into a polemic, but to my way of thinking this is an unreal question.

[Agranovskaya] Do you think the authors of this idea are not aware of this?

[Shmelev] It is hard to say. In my view, there is a large degree of idealism here. While we are on the subject, that is not only my opinion. Western economists with whom I have discussed this idea several times are very skeptical about it.

[Agranovskaya] You just now mentioned Western economists, and I thought to myself: you are a department head at the United States of America and Canada Institute, you are a doctor of economics sciences, and

you are in general a serious scholar. But you know that there are many people who think that Nikolay Shmelev, the writer, is your namesake.

[Shmelev] If things continue the way they have been going, I will start thinking that myself. I have said that I have been sitting on the edge of my chair in my writing the last year and a half or two. But there are one or two major ideas gnawing at me that I would like to realize.

[Agranovskaya] An artistic quality!

[Shmelev] I do not want to make it sound so grand, but in addition to science, I also have a second sphere of interests that I have a lifelong connection with. And I do not want to stop, I want to write when I have something on my mind. This unexpected public response and public interest in me naturally have their attractive side. But they also have an enormous minus: the feeling that I am working on the edge of my chair.

[Agranovskaya] But you are managing, are you not?

[Shmelev] I am managing in spite of everything.

[Agranovskaya] Then I would like to put a question to the writer, not the scientist: we are all the time saying that we now have "glasnost, democratization, and perestroika." A certain cliché has already formed from these substantially different concepts. Does it not seem to you that we have made considerably more progress with glasnost than with the other two?

[Shmelev] I would emphasize once more that I have my own personal views. The most important attainment in our development in, say, the last three years has been international relations. Believe me this is very important. Another thing is that we have achieved freedom of speech. Perhaps it is relatively ineffective but it is relatively ineffective from the standpoint of today's specific problems. But the fact that this cowed, persecuted, almost slavish people has suddenly begun talking in 2 years is no less important. Most of it is still silent and apathetic. But it turned out that there were healthy forces beneath the tiles, beneath the asphalt who suddenly recalled civic spirit, honor, conscience, and decency. And boldness and criticism emerged. In my opinion, the internal censor has almost been stifled. Can this be left out of consideration? In politics? You perhaps know that I am rather cynical. We lived behind the barbed wire. We were a generation of people who had no inkling of democracy. We are not accustomed to anything. We do not know how to do anything. The first attempt is now being made to create a parliamentary system that will in some way at least guarantee that not a single law, not a single serious step by the government will be passed/taken without at least being discussed and subjected to serious criticism. Well, let's give it a try: we have 5 years. Let us learn and then go beyond. This is a great deal. This in itself is a great deal, this is the maximum. At present we do not really know how to do

anything. The only thing that we can do, and nothing could be easier, is to yell, to make some noise. Perhaps this is what has to be done at times—to yell, to go into the street, and to assemble crowds numbering in the thousands. But the Armenian-Azerbaijan horror—they almost went at one another with knives—shows what savages we all have become! This is the first price that had to be paid for democracy. But let us now try to act like decent, civilized people. Let us see what we can achieve in these 5 years. If no one pulls us backward.

[Agranovskaya] Do you think this might happen?

[Shmelev] Anything in life is possible. If I were a little younger I would say that I believed in the irreversibility of today's changes. In principle, I believe this even now. In a hundred years we would inevitably get to where we have to be.

[Agranovskaya] Good heavens, we have been an adolescent nation all our life. We are over 70 years old and we are still an adolescent nation.

[Shmelev] That is absolutely true. We are still an adolescent nation.

[Agranovskaya] In the economy, you will now say, we have already, thank God, laid a foundation. Or has it not yet been laid?

[Shmelev] In the economy, unfortunately, successes are still slipping away. We have now laid the foundation for certain potential successes sometime in the next decade. If we are not smothered in the present stage. The most terrible problem, that we do not understand because of the general illiteracy that we have talked about, is that we have allowed such a budget deficit to develop that it can ruin everything if we do not succeed in eliminating it. Then there will simply be economic chaos and there will be no concern for politics or ideology. Perhaps I am laying it on a little too thick. Probably not. In any event I am very much afraid of this.

[Agranovskaya] Are there forces that would benefit from this?

[Shmelev] Chaos? Out of malice, on purpose? I do not think there are many. It would take a real devil to hope for this out of malice. Who would benefit. A certain criminal element as in any chaos. In whose interests are knife-fights? There are few who get into a fight out of good will but any number who do so out of stupidity. And so if you think there is some kind of evil conspiracy to return to the Stalinist camps, I think that is a highly speculative conclusion.

[Agranovskaya] I of course do not think that anyone is nurturing such deliberate plans. But you will agree that when obviously healthy ideas and unquestionably useful attempts meet with deaf, malicious resistance, there is something to think about.

[Shmelev] But that is how our life is. Let us take a standard example: you have a bureaucrat sitting in his chair when here comes a decision that is very beneficial to the people but that will take the chair out from under him. What does he do? Resist it in order to plunge the nation into chaos? Not at all. He could care less about anything as long as he remains sitting in his chair.

[Agranovskaya] If your life is, alas, this way, do you have any predictions for the future?

[Shmelev] As an economist, I continue to insist with perhaps slightly fanatical stubbornness that what we need now is not some grand theory or extraordinary strategy. We can do all this gradually. But at the present time we must extricate ourselves from a specific repugnant economic situation. I see two interconnected phenomena. They are the continuing deterioration of the situation in the consumer goods market, the zippers and the toothpaste that you can buy only after showing your identity card. After all, in reality no one is producing any less toothpaste. No one has stolen it. This is a case of the market collapsing. The second is the budget deficit. It creates a mountain of money for which there is nothing to buy. Thus there is a great deal of money on the one hand and very slowly growing production of goods on the other. This presents not only the danger that all normal relations will be severed. The most important danger is the moral danger. Up to now, people have either not believed in perestroika all the way or have not believed in it at all. This is human nature. Perhaps a creative person, an intellectual needs the most freedom—well now he has it, this freedom. But the majority of people need something so that their everyday life will improve in some way. If it does not improve over a long period of time, they will lose their faith. Therefore, it seems to me that the most important thing—I am always writing about this—is to employ all measures, including artificial measures, to improve the situation at least a little. So that people would feel: life is getting a little better...

## PLANNING, PLAN IMPLEMENTATION

### Decentralized Fiscal Policy Seen as Cure for Budget Deficit

18200244 Moscow SOTSIALISTICHESKAYA  
INDUSTRIYA in Russian 5 Mar 89 p 2

[Interview of N. Petrakov, corresponding member, USSR Academy of Sciences, by L. Telen: "'Black Holes' of the Budget"]

[Text] *One hundred billion rubles—that, in the estimate of USSR Minfin [Ministry of Finance], is the real deficit in the national budget. We are not living within our means, and are eating up our national riches. And what about the future? Is there a guarantee that in a year or two we will be able to make ends meet? If there is no guarantee, is there at least the hope, in the form of a scientifically based government program, for financial*

*improvement? Or perhaps the time has been lost, and no matter what we undertake our financial difficulties will merely grow? N. Petrakov, USSR Academy of Sciences corresponding member, reflects on these and other questions in a conversation with our correspondent L. Telen.*

[Telen] A hundred billion! This recently published figure, according to my observations, shocked even housewives.

[Petrakov] But even this figure does not tell about the entire gravity of the situation! The budget always reflects the condition of the state finances; more precisely the economic policy of the state. That is why in a market system a budget deficit in no way signifies weakness of the entire economy. For example, to the United States a small deficit is not all that terrible. The country is strong with powerful private capital, and possesses a developed, multi-mode market.

It is another matter for us, in a country where ownership of the means of production is for the most part state ownership, based on strict centralization. In such a system any production lapses represent a hole in the budget. And the other way around. A hole in the budget is evidence of a crisis condition of the economy as a whole.

[Telen] But is it worthwhile then to reinvent the wheel, and seek specific means to improve our national finances? Perhaps we could use world experience?

[Petrakov] We not only can, but must. After all, the ailments that accompany state financing are roughly identical everywhere. There is the desire to snatch a bit more from the treasury, and spend with all one's might! And believe me. American firms conduct themselves in implementing state programs exactly as Russian factories and plants. That is why, without decentralization in financial policy, and without centralization of capital investment, we will not eliminate the deficit.

[Telen] More than once I have heard statements by representatives of the Ministry of Finance, but I cannot recall any of them taking such an idea to the public. Appeals to reduce expenditures. Yes, these have been heard. As have those to increase income. But to change the very foundation of the budget policy?!

[Petrakov] And without this any appeals will just remain appeals. "All finances in one fist" was a popular slogan in the 1930s. This principle exists today as well. Our budget, just like a pump, pumps out gigantic sums. It pumps them from the profitable enterprises, to the unprofitable; from the flourishing branches to those that have fallen into decay.

[Telen] Consequently, it seems that it is no accident that we still do not have a radical program for improving the budget. Is it the fault of the old principle of the "single fist," which is incompatible with economic methods of



management? But, let us assume that the higher-ups rejected the unfruitful tradition. Enterprises and regions will acquire big capital. At the expense at what will this be, if not at the expense of the already emaciated state budget?

[Petrakov] Well, then, let us put it in order. Today we need not only decentralization of the budget, but also its real strengthening. And this means complete reform of taxation. One of its main goals is to ensure guaranteed state income.

[Telen] Do you have specific proposals?

[Petrakov] Of course. But first let us look at the present system. Its foundation is leveling-individual taxes on enterprises. As a result the best live worse than they deserve, but also the worse are able to get by. Under this system the rates are arbitrary. And the main principle is to cut down everything that grows, and to collect the maximum from the "lower strata." And finally, now we have been carried away by disputes: How should the profit be shared? What economic norms should be established for various enterprises and branches, and cooperatives? We do this having forgotten that there may not be any profit!

[Telen] Truly, unprofitable enterprises do not receive it, and this means that the treasury is also not replenished. Meanwhile, their labor collective disposes of buildings, equipment, raw materials and power from society. Economic logic here has clearly been violated.

[Petrakov] You see, taxes are nothing other than realization of property relations. Once a labor collective, with the consent of society, disposes of its property, this means that it is also obligated to settle accounts with it. It is to settle accounts with the aid of taxes for resources and fixed capital. They also must comprise the basis of the future system. The rates must be stable and moderate.

A tax on profit should be retained only in certain, specific fields. Possibly a tax should be imposed on excess profit, if it is truly not earned by the collective.

[Telen] With our current financial psychology? Just give us a chance: in a jiffy we will list as excess profits even the most earned income. The recent example of the edict on taxation of the cooperative bears witness to this. The goal is seemingly most noble: to prevent excess profits. But the opposite result would obtain. In a weakly developed movement the rules of the game would be dictated by cooperative monopolists, easily extracting that very excess profit.

[Petrakov] Undoubtedly, this instrument requires caution and skill. And so far we do not comprehend that taxes must not suffocate, but develop production, not

suppress, but encourage competition, and that it is not without risk to use it. By the way, the legislative organ, the USSR Supreme Soviet, must decide all disputes concerning tax rates.

[Telen] And all the more, approve the scale of these rates.

[Petrakov] Of course. Throughout the world only parliaments approve the taxation system, on an equal basis with laws, and no ministry has the right to violate their decisions. With us, for some reason Minfin [Ministry of Finance] has ascribed to itself legislative functions. This is also the legacy of the administrative-command system.

[Telen] And so, the enterprises conscientiously pay off the budget. What expenditures should the state retain for itself?

[Petrakov] First of all, financing large scientific and technical programs. But, only those that will be approved not behind closed doors, but in the highest legislative organ. You and I, for example, cannot evaluate the subtleties of the space program "Energiya"- "Buran." But, as taxpayers and citizens of the country we have the right to know why today this program is more important than, say, raising minimum pensions.

[Telen] What else?

[Petrakov] Expenditures for roads, transport, communications—the entire production infrastructure. And, of course, financing the social sphere.

[Telen] Do you believe that the enterprises must be freed of these concerns?

[Petrakov] I am absolutely convinced of this. It is not enough that huge sums are expended irrationally, and go for creating "subsistence economies" around every factory or plant. Such a procedure is also socially unjust! Why, can you explain, does a good worker from some toy factory not even dream about the benefits that even an idler has, but one who is from VAZ [Volga Automobile Factory]?

[Telen] Should all the expenditures for production rest on the shoulders of the enterprises?

[Petrakov] Yes, all production expenses without exception. Labor collectives, owing to an intelligent taxation system, will finally receive a real opportunity to finance economic activity independently. And not only current activity. At their own expense they will be able to carry out both reconstruction and technical retooling. Moreover, they themselves will conduct necessary capital construction. And believe me, then no invocations to economize funds for construction will be needed. If one fails to manage intelligently, he will be ruined.

[Telen] Your program for the future is clear. But something else is also clear: It will not be implemented in one day, or even one year. And we seem to need emergency measures, in order with their help, if not to correct, than at least to ease the situation.

[Petrakov] These measures are generally known. It is necessary to analyze current expenditures immediately, and to balance them as best we can. What is the sense of forcing multi-billion dollar subsidies into the kolkhozes and sovkhozes, and sending miserly amounts for processing and storage of their output?

The second, no less important, task is to curtail expenses, including for maintaining the army. For many years we have produced goods no one needs, costing millions of rubles, solely because their production at some time was planned by somebody, and the plan is law. Between the producer and consumer there is always an intermediary—a state planning organ. So there is one solution: to clash, finally, on the market of seller and buyer, and to cease charity at the expense of the budget.

Possibly then we will resolve, finally, to halt a number of light and food industry enterprises for complete reconstruction, even if it will be necessary to pay for the wages of their workers. This is more advantageous to the budget than the growing output of products that no one needs, and, thus the futile expenditure of raw materials, semi-finished products, and power.

We should also immediately liquidate unprofitable enterprises: close them, change what they produce, or give them to cooperatives. Just don't keep them dependents of the budget!

[Telen] Cease feeding them with credit resources?

[Petrakov] Entirely correct. Our non-cost accounting banks are a kind of social security. Through their free credit they extend the lives of those enterprises which, by logic, should have died long ago, and freed the country's economy from themselves. Think what a paradoxical situation it is! Today excesses of monies coming from new commodities are advantageous to the banks. To a significant degree it is also with the help of these monies that the banks support unprofitable production.

And, of course, we must decisively curtail capital construction.

[Telen] Excuse me, Nikolay Yakovlevich, but they have been promising us this turning point from various rostrums for 10 years already. We will curtail, we will curtail, and there are more and more unfinished structures.

[Petrakov] And it is not surprising, here as well we have gone no farther than slogans. How, do you think, can we really reduce expenditures for construction? Should we

issue a command to the ministry to abandon half of their construction projects beginning tomorrow? Or to close wholesale all those that have not moved beyond the foundation?

[Telen] If it were only so.

[Petrakov] Yes, such decisions will bring nothing but more disproportions. One ministry will "freeze" a metallurgical combine, and another meanwhile will finish building an automobile factory that requires the metal of this combine. Here the advantages of centralization could be used. Only from the center, from that very Gosplan, and not from the branch ministry, is it apparent how the new technological chains are taking shape. So decide, finally, which ones today we can do without, and which not. Instead of appealing to the conscience of the builders and the departments, take Gosplan and make up such a program.

[Telen] Is this yet another wish for our economic departments? But how many of them have already been expressed. Thus, perhaps, it would be useful already at the next session if the deputies asked the minister of finances and chairman of Gosplan: what programs are they in charge of, what are their results, and are tendencies toward reducing the budget deficit appearing?

[Petrakov] This would not be wasted. After all, the program of financial improvement of the economy will be just about ready to be approved. As is known, its draft was recently examined at a session of the CPSU Central Committee Politburo.

Improvement of the economy—it is time to understand this—will take place only if money will become truly money. We cannot have a Moscow, a Tambov, and a Khabarovsk ruble, with different purchasing powers, and supported by different goods, and think that we can construct an effective system of material interests on such a shaky foundation.

The whole pity is that to this day we lack a financial policy as an instrument for rational conduct of the economy. Economic thinking "was naturalized." Tons, items, meters and kilometers victoriously held sway in our plans and calculations. What are the costs? Will a product find a buyer? These questions were pushed to the background. Give us bricks, pipes, machine tools. Money we will always find, or print. This philosophy also led to inflation, goods starvation, and a grave budget deficit. It is necessary to act decisively and without delay. Alas, we have not been given time. The tear in the budget is too large and dangerous. Any delay and it will easily turn into a "black hole," in which the most radical reform will perish.

**Goskompriroda Chairman Morgun on Ecology Factors in Economic Planning**

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[Text]

**Revival of the Ecological Situation—One of the Main Problems of the Country's Socio-Economic Development**

The CPSU Central Committee and the USSR Council of Ministers, taking into account the difficult ecological situation in a number of regions, on 7 Jan 88 adopted the decree "Radical Restructuring of Environmental Protection in the Country," which envisaged major steps in that sphere, in particular concrete dedicated tasks for improving the organizational structure of the economic mechanism for the purpose of the more effective solution of ecological problems. The USSR State Committee for the Protection of Nature [USSR Goskompriroda] was created in accordance with that decree.

Public opinion, concerned with the worsening ecological situation in many parts of the country and shortcomings in the utilization of land and water resources, forests and mineral fields, has an active interest in how matters stand with environmental protection today as well as what concrete practical steps are being developed and realized by USSR Goskompriroda to revive the ecological situation in the country and make the utilization of natural resources—the chief and fundamental wealth of society—more rational. This interest is natural. The welfare of the people and their health under contemporary conditions, after all, are linked to a decisive extent with the quality of the environment in which people live, work and relax. The standard of living is in turn conditioned by how rationally and efficiently natural resources are exploited. And moreover, it is not only the welfare of the generation of people living today that depends on this, but the fate of their children and grandchildren as well.

A natural question arises: is a decisive turnaround in environmental protection occurring in the country, is there a sufficiently decisive shift toward improving the ecological situation? Despite a number of positive steps that have been undertaken, the answer to this question must still unfortunately be no. No few instances of a worsening of the ecological situation are being observed. Air and water pollution and soil degradation are worsening, the forests are being impoverished, fishing resources are being depleted and many specimens of the plant and animal worlds are perishing. Extensive zones of ecological strain are continuing to arise. They include the basins of the Caspian Sea and Lake Ladoga, the regions of the lower Volga, Don and Kuban rivers, the

Chernozem center of Russia, Moldavia, the Aral Sea and the territories adjoining it, the resorts of the Azov shore, the Crimea and the Riga seaside.

The USSR State Committee for the Protection of Nature was created not long ago and is still just completing the formation of its structure and working bodies, and thus it has not yet been able to expand active operations. The heart of the matter is this: will USSR Goskompriroda be able to erect a solid barrier to those offending the environment, is this body able to provide for the rational utilization of nature in the country? It is a fundamental question. Recall that important party and government decrees have been adopted before. A series of all-union laws on environmental protection were adopted in 1978 and 1985, as were decrees for the protection of many specific natural sites—Baykal, the Volga, the Urals and the Black and Aral seas among others. USSR Gosplan has an environmental-protection department. The Commission of the Presidium of the USSR Supreme Soviet on the Protection of the Environment and the Rational Utilization of Natural Resources was functioning until recently. State appropriations for the execution of natural-protection measures have grown considerably, and the ecological situation in the country has continued to worsen anyway.

What is going on? Why are the efforts being undertaken by the state to protect nature proving to have inadequate results?

The main reason is the prevailing attitude of production enterprises toward nature as a free and inexhaustible resource and toward the territory on which they operate as a spacious expanse to accommodate them. The enterprises, oriented by the ministries toward maximization of the output of products of their own types, strive for the fulfillment of production targets without considering the pollution and destruction of the natural environment and the socio-economic needs of the population.

The attitude toward the worsening state of the environment, for example, that was manifested in the course of the construction of the Astrakhan Gas-Condensate Complex (AGC) elicited a sharp negative reaction from the public. There were breaches of technological discipline and natural-protection legislation as early as at the beginning of 1987 on the first line of the gas-refining plant started up: the operation of process equipment without the scrubbing installations for tail gases and the unregulated combustion of significant quantities of condensate. Emergency burst emissions into the atmosphere (principally sulfurous anhydrides and sulfur-containing natural gas) occurred constantly due to interruptions in electric-power supply and breakdowns. The first phase of this complex was accepted as is for operation at full capacity by a working commission on 1 Jan 88. Some 14 out of 42 planned facilities for environmental protection had not been built nonetheless. Discharges of pollutants into the atmosphere more than doubled as a result. The concentration of harmful substances in the air of the

adjoining cities in the region repeatedly exceeded the maximum allowable norms. The leadership of USSR Mingazprom [Ministry of the Gas Industry] and the Astrakhangazprom [Astrakhan Gas Industry] Association were compelled to rectify matters in the shortest possible time.

The largely helpless mechanism of economic operation was and yet remains a serious drag to rational resource utilization in the country. Evaluation of the work of ministries and enterprises is done chiefly according to indicators of the fulfillment of sector plan targets for growth in product output volume. The damage done to the environment by pollution and the irrational utilization of natural resources has practically no effect on the results of economic operation.

The economic efficiency of the development and disposition of productive forces in the country is determined by the level of expenditures for the production of this or that output without regard for pollution damage or the state of the ecological situation in the region. The ecology factor is not sufficiently taken into account in the development of planning solutions, especially in the selection of sites, causing large-scale interference with the natural environment.

Economic methods of management in the utilization of nature are still quite inadequately employed compared to other spheres of production activity. Enterprises and organizations engaged in the reproduction and improvement of natural resources are on budget financing, as a rule. No monetary evaluation of the end results of their activity—natural resources reproduced or improved—is done, and only individual elements of business organization based on evaluating their intermediate results (volume of work completed, funds assimilated etc.) are utilized. Effective economic incentives aimed at the realization of natural-protection measures are lacking. In the majority of cases their implementation does not correspond to the economically accountable interests of the labor collectives, which leads to the systematic under-assimilation of funding allocated for natural protection and the unsatisfactory state and operation of existing environmental-protection structures and facilities. The fees that exist in a number of cases for the use of some types of natural resources have little effect, since they have a weak influence on the economically accountable results of the enterprises using the natural resources. Much will have to be done in the extant climate to convert the enterprises of land reclamation, geologic survey, the timber industry and other sectors and types of activity for the reproduction, protection and improvement of natural resources to full economic accountability [*khozrashchet*] and self-financing.

The lack of an accounting for the ecological costs of production are also negatively reflected in the foreign economic activity of the country. It is well known that some Western countries are going in for compensation agreements and the creation of joint ventures primarily

in the extraction, chemical and petrochemical industries. Recall the large contracts for the construction of nitrate-fertilizer complexes in the middle of the 1970s and the protocols recently signed that envisage the creation of joint ventures with the Sandoz firm along with a joint petrochemical combine in Tengiz.

Specialists feel that one of the incentives for the participation of foreign companies in these projects, aside from their proximity to cheap sources of raw materials and power, is the essentially liberal ecological monitoring here compared with Western European countries and the associated opportunity to reduce production costs. Attempts by individual firms to sell equipment and technology that there is no demand for in the West are observed therein. Under the conditions of the approaching ecological contradictions and conflicts, the right to locate polluting types of production has the nature of an unjustified concession or service subject to payment in freely convertible currency at high prices. Income from the sale of the right to locate production and continue business operations under similar conditions is comparable to the expenses that will have to be borne in the event of the import of the same products.

The acuity of ecological problems here has been caused to a certain extent by growth in the materials-intensiveness of national income and, consequently, the unfounded increase in the man-made burden on the natural environment. Whereas a 1-percent increase in national income required a 1.1-percent rise in industrial output in 1985, in 1986-87 it was 1.4 percent. The structure of the economy, in which no small place is relegated to "polluting" sectors—power engineering, metallurgy and the mining industry—is also having an effect.

Our country has surpassed the most developed and wealthiest country of the capitalist world—the United States—by 1.5 times in the production of oil, 1.5 times in natural gas, 1.8 times in mineral fertilizers, 2.2 times in steel, 4.6 times in numerical-control machine tools, 6 times in iron ore and 6 times in tractors. At the same time, the national income of the USSR is only 64 percent that of the United States.

The metals-intensiveness of national income in the USSR is double that of the United States, while the overconsumption of metal for the whole amount of national income totals about 75 million tons.

Excessive materials- and power-intensiveness of production brings about the large-scale extraction of minerals along with their refining and combustion, which engenders gigantic volumes of dumps of waste rock, ash and slag and harmful emissions into the water and the air.

Mineral fields, with some exceptions, are not utilized in comprehensive fashion. Only 10 percent of the 15 million tons of minerals extracted is converted into useful



product. The extraction of a number of mineral components from the earth is typified by extremely low indicators. Such a scarce metal as manganese, for example, has only 25 percent of its actual content extracted in the process of extraction, enrichment and metallurgical conversion.

Timber resources are also in need of more rational utilization. The output of end product in monetary form per cubic meter of raw timber is 3 times less in the USSR as in the United States.

The further advancement of our economy along this resource-squandering path is incompatible with the protection of nature and the rational utilization of resources. It can only lead the country to the dangerous depletion of natural wealth.

It can thus be concluded that the main direction for improving the ecological situation in the country is progressive changes in the sector and territorial structure of the economy in the direction of reducing the proportionate share of the extraction sectors and the transformation of the technological and technical base in the "polluter" sectors with the aim of conversion to ecologically clean and waste-free technological processes. It seems that the economists, and first and foremost the workers of planning bodies, are facing two serious tasks: devising an ecologically well-founded strategy for the development of social production, and creating an economic mechanism providing for its unconditional realization by ministries, departments, associations and enterprises.

#### **Directions for Raising the Scientific Substantiation for the Forecasting and Long-Term Planning of the Utilization of Nature**

The scientific level and substantiation of the development of the problems of natural protection and the rational utilization and disposition of the country's productive forces and other pre-planning documents must necessarily be raised. Scholars face the following problems:

- a comprehensive evaluation of the natural and resource potential of regions and the ecological and economic zoning of the country;
- the formation of a standards base for forecasting and planning the utilization of nature, including an economic evaluation of natural resources and standards for proportionate expenditures on reducing the pollution of the environment;
- the execution of a comprehensive ecological and economic analysis of prevailing trends and prospects for the development of social production at the level of the national economy overall and for individual regions; and,

—the creation of a unified system for forecasting and planning the utilization of nature and the development of methods for the mutual coordination of pre-planning documents, along with their realization through a system of plan indicators and economic standards for enterprise management.

A key role in devising a strategy of natural-protection activity belongs to the study and objective evaluation of the state of individual natural spheres and the whole natural complex of individual regions and the territory overall. The task of integral evaluation of the pollution of the territorial natural complex and parts of it by technologically generated chemical compounds—the most dangerous forms of violation of the natural balance—is especially topical.

Calculations therein can be based on accounting for the mass of pollutants produced on the territory, the danger of each ingredient of pollution and specific territorial features of self-cleansing processes in the air, rivers and soil, as well as their relative abilities to preserve pollutants. If one of these factors defines the volume and significance of the burden on the ecological environment, then others reflect its ability to counter them, permitting the resultant receipt of the most trustworthy indicators of the danger of the pollution of natural systems with a regard for both "horizontal" (inter-territorial) and "vertical" (between spheres) migration volumes of pollutants.

The criteria for defining the maximum allowable man-made burden on various natural systems must be substantiated. For this the organs of USSR Goskompriroda, with the participation of interested ministries, departments and councils of ministers of the union republics, are obliged to develop and affirm state environmental-quality standards and standards for allowable effects on the environment in the near future. These standards and limits, along with integral indicators of the state of pollution of natural systems of various regions, will serve as a base for performing substantiated ecological and economic zoning of the territory of the country and ranking territories and natural spheres by priority of implementation of natural-protection activity.

An economic evaluation of natural resources is the key to solving a whole range of issues associated with the rational utilization of nature. They should be evaluated in monetary form in order to manage the utilization of natural resources efficiently. Only thus can the national-economic detriment from the withdrawal of this or that type of natural resources from operational economic circulation or their inefficient or non-comprehensive utilization be evaluated objectively, the expediency and sequence of their assimilation substantiated or the optimal parameters for the utilization of these resources selected.

At the contemporary stage of development of the country's economy, when a basic policy of resource conservation and the utmost economy of all types of resources, considerable reductions in the power- and materials-intensiveness of national income and changes in investment policy has been determined, the economic efficiency of resource utilization will be defined more and more not by expenditures for the assimilation of new natural resources with the aid of the sometimes imperfect equipment and technology existing today, but rather by reductions in the requirements of the national economy for natural resources and raw materials. Improvements in methods of economic evaluation of natural resources are needed in this regard in the area of a more complete accounting for the ecological factor and the priority of resource conservation.

Reductions in the needs of the national economy for specific types of natural resources can be achieved in several ways differing both in the profundity of the transformation of the material base of social production and in economic efficacy. Methods of economic evaluation of natural resources will also differ depending on what method of resource conservation is selected as the defining one for a given type of primary natural raw material in various regions.

The development of standards for proportionate expenditures on reducing emissions (effluents) of pollutants into the environment for individual types of production is a topical problem. Standards are needed not only to raise the substantiation of pre-planning and planning documentation, but also to account for them in the formation of systems of payments for pollution of the environment.

The major drawback of extant practices in forecasting and planning the protection of nature and the reproduction of natural resources, along with the undeveloped nature of the system of norms and standards for allowable technologically generated impact on the environment, is the lack of a close coordination of natural-protection activity with the economic indicators of the development of the national-economic system and its constituent elements broken down by sector and region. This does not permit the economically substantiated delineation of priority areas of ecological policy or the determination of the optimal scale and time periods for the performance of operations for protecting the environment and reproducing natural resources proceeding from the country's future goals for socio-economic development or an evaluation of the economic efficiency of the given operations.

The necessity of executing a comprehensive ecological and economic analysis of the extant situation and the trends and prospects for the development of social production at the level of the national economy overall and for individual regions has become acute.

Scholars, and especially economists, are obliged to develop a methodology for evaluating the effects of the dynamics of the natural-resource potential of the country on the rate and proportions of development of the national economy.

The substantiation of strategic directions of natural-protection activity is accomplished in the process of preparing the Comprehensive Program of Scientific and Technical Progress, the General Scheme for the Development and Disposition of Productive Forces, the long-term State Program for Environmental Protection and the Rational Utilization of Natural Resources, intersector scientific and technical dedicated national-economic programs and the Concepts and Basic Guidelines for the Economic and Social Development of the USSR. A unity of scientific and technical, ecological and economic policy should be ensured in developing these documents.

The tasks and specific features of a study of the problems of the utilization of nature must be elaborated in each of the indicated documents, and a system of summary descriptions of the socio-economic efficiency of resource utilization established with the aid of which the mutual coordination and linking of pre-planning and planning documents will be performed. The summary descriptions include dedicated indicators of the quality of the natural environment and the parameters for the maximum burden on it in various regions, amalgamated balance sheets of the most important types of natural resources, and the basic parameters of resource-conservation activity and the protection and reproduction of the natural environment, including a cost estimate of results and indicators of the national-economic efficiency of investment in the protection of nature and the rational utilization of natural resources.

USSR Goskompriroda considers one of its paramount tasks to be organizing comprehensive research on these problems. The Ekologiya All-Union Scientific Research and Information Center [VNIITs]—the lead organization in the country for ecological research—is being created. The formation of republic divisions of the Ekologiya VNIITs with dual subordination is being proposed: to the republic environmental-protection committees in the development of regional problems and administrative and financial activity, and to the all-union center for overall scientific and methodological planning. The creation of divisions of this center in Leningrad, Perm, Novosibirsk, Irkutsk, Khabarovsk, Vladivostok, Norilsk and Petropavlovsk-Kamchatka is moreover envisaged. Scientific-production subdivisions (ecocenters) can be created at the oblast and rayon levels.

Success in resolving the tasks of raising the substantiation of forecasting and planning natural protection depends largely on how quickly the network of ecological scientific centers can be formed and the scholars of academic and sector institutes and institutions of higher learning attracted to this work.

**Problems in Forming an Efficient Mechanism of Economic Operation for Managing the Utilization of Nature**

The growing influence of the ecological factor on the development of social production should be suitably reflected in the mechanism of economic operation for the management of the national economy, including in the forms and methods of planning and economic incentives for enterprise activity.

The principal outlines of the new system for planning the development of the national economy have been defined by the resolutions of the June (1987) Plenum of the CPSU Central Committee. The following most important directions of restructuring apropos of planning the protection of nature and the rational utilization of natural resources can be delineated:

- an orientation toward economic methods of planning under conditions of the widespread development of payments for the utilization of nature and changes in the forms and methods for developing plans for natural-protection activity with a regard for the effects of the State Enterprise (Association) Law;
- a strengthening of the territorial principle in planning the protection of nature and the rational utilization of natural resources;
- a decentralization of planning functions and a rise in the role of the soviets of people's deputies in preparing plans for natural-protection activity; and
- a redistribution of functions for preparing plans for the protection of nature and the rational utilization of natural resources among the bodies of state management in connection with the formation of the USSR State Committee for the Protection of Nature.

The topical nature of the development of economic methods for the management of resource utilization is especially increasing under contemporary conditions, when a significant portion of the indicators of environmental protection and the rational utilization of natural resources have been eliminated from approved plan targets for associations and enterprises that have been transferred to full economic accountability and self-financing.

An analysis of 1987 plan fulfillment showed that the elimination of the section of the state plan for environmental protection under the conditions of the lack of preparedness of many enterprises for the independent execution of natural-protection measures along with the lack of economic standards for payments for natural resources and emissions of pollutants is leading to a serious lag in the fulfillment by ministries and departments of the targets for the construction of environmental-protection structures and reductions in the assimilation of capital investments allocated for that purpose as

envisaged by the five-year plan. The limit that was established for 1988 for capital investments in executing measures for the protection and rational utilization of natural resources was thus only assimilated by 39 percent over the first half of the year. The half-year plan for the start-up of waste-water treatment facilities was 49 percent fulfilled, while for water-recycling systems it was 61 percent.

Payments for natural resources and emissions (effluents) of pollutants into the environment will have a material role in the system of managing environmental-protection activity. Proposals on the types and sizes of these payments are being widely discussed today. Economic standards for payments for the utilization of mineral reserves and land, water and air resources, in my opinion, should be established for state and cooperative enterprises in three basic forms of payments: reimbursements for spending on the reproduction of the corresponding types of resources included in the cost of the output of the producers utilizing natural resources; rent for the exploitation of the relatively best natural sources paid out of the profits (profit-and-loss income) of enterprises; and, fines and sanctions for making use of natural resources beyond standards or violating environmental-protection legislation, also paid out of the profits (profit-and-loss income) of enterprises.

All three types of payments for resource utilization are defined, as a rule, per unit of natural resource being utilized or consumed (tons of reserves used up, hectare of territory and the like) and are differentiated with a regard for the quality (productiveness) and location of the corresponding resources. Payments for emissions of pollutants into the environment are established for enterprises and associations with the aim of reimbursing the state for damages from the pollution of the environment and providing economic incentives to stimulate the implementation of environmental-protection measures and put the sources of their financing and credit in order.

The two types of payments for the discharge of pollutants into the environment differ depending on whether they were within the framework of established norms and limits or exceed them, including burst (emergency) emissions.

The size of payments for polluting the environment are determined according to the economic standards for fees for the discharge of pollutants into nature that are passed along to the enterprises as part of initial planning data. The size of payments for pollution allowable under the standards are differentiated by region of the country (oblasts, krais, ASSRs, union republics without oblast subdivisions) and enterprises and are set for the five-year plan.

It is essential to provide for the organic unity and efficient interaction of planning and economic incentives for the rational utilization of nature along with an

increase in the substantiation of planning through the broader utilization of all-round planning balance sheets and standards for the utilization of natural resources.

The policy of including the economic interest of enterprises through setting standard fees for natural resources and pollution of the environment requires changes in the makeup of the indicators of environmental protection and the rational utilization of natural resources that are developed in the state plans for economic and social development.

The system of payments for natural resources, under the conditions of an increase in the independence of enterprises and associations in planning their activity, should provide an incentive for enterprises to develop and include in their five-year plans measures ensuring the achievement of summary indicators for the corresponding region and the country overall. The conversion from developing sector targets for implementing measures to protect and make rational use of various types of natural resources as part of the basic guidelines and five-year state plan to planning the allowable effects of social production on the natural environment is being proposed through a system of summary descriptions: limits on the consumption of natural resources, limits on emissions and effluents of pollutants and indicators of the completeness and quality of utilization of natural resources and primary raw materials.

A trend toward the prevalence of a sector and departmental approach is observed in the prevailing system of managing environmental activity in the national economy. State plans for protecting the environment, including planned sites of capital investment for these purposes, are based on the proposals of sector ministries through the realization of natural-protection measures by sub-departmental enterprises. Certain efforts to correct the corresponding targets in favor of an increase have been made in the consideration of these proposals in the planning bodies and discussion of project plans in the government and the USSR Supreme Soviet. Fundamental changes have not yet occurred, however. The lack of vested interest, and sometimes even conscious counteraction, of individual ministries and enterprises in the realization of this direction of productive activity along with the residual principle of the allocation of capital investments for environmental-protection purposes associated with this have brought about completely inadequate volumes of planned capital investments, their non-optimal distribution as broken down by territory and the chronic non-fulfillment of even clearly diminished plan targets for their assimilation.

Resolutions for the realization of these or those measures on specific territories have been adopted at the "ministry—Gosplan" level. Local soviets of people's deputies, charged by legislation with responsibility for the state of

the natural environment on territory under the department, have had no real economic levers and practically no effect on the formation of state plans for environmental protection.

I would especially like to emphasize that the transition from sector to primarily territorial planning is coming forward today as a fundamental direction of the restructuring of the management of the utilization of nature.

It has been determined that the targets for the protection of the environment are formulated in the USSR State Plan for Economic and Social Development based on the comprehensive plans for economic and social development of the union republics. The organs of territorial management at all levels (republic, oblast, city, rayon) should take part in formulating the targets of the comprehensive republic plans.

The task has thus been posed that the territorial plans for the protection of nature be of a tasking nature and orient enterprises toward the planning and realization of production measures facilitating the essential social development of that region. The basic work in preparing plans for natural-protection activity will be completed at the level of "local soviet of people's deputies—enterprise."

The fact that structural subdivisions for environmental protection were not envisaged in creating the main economic-planning administrations in a number of the oblasts of the RSFSR and the other union republics, however, evokes serious concern. The possibility of the quality development of the corresponding section of the comprehensive plan for economic and social development of the territory and its fulfillment are threatened as a result. The planning subdivisions of the republic and local committees for the protection of nature will be preparing proposals for comprehensive plans for the development of the territories on issues of environmental-protection activity, but they will be unable to replace the planning organs of the local soviets of people's deputies.

One indispensable condition of restructuring the management of environmental-protection activity in the country is a fundamental change in the attitude of the local soviets of people's deputies toward the ecological situation on subordinate territories. The question of the extreme situation that has taken shape in Yaroslavl with the utilization and protection of water and steps to normalize it were recently being considered at the collegium of the USSR Goskompriroda. Inspections showed that sewage is discharged into the Volga with 5 times more than the maximum allowable norms for organic substances, 20-40 times more for petroleum products and nitrogen and over 100 times more for some pollutants. This situation took shape largely through the fault of the city ispolkom and local monitoring organs. New production, residential and other facilities have been hooked up to the sewerage system since April of 1985 in spite of the existing ban. The city ispolkom had



provided assurances that the third phase of the treatment facilities would be started up in 1985, but it has not fulfilled its obligations. A session of the Yaroslavl oblast soviet of people's deputies moreover adopted the resolution to construct these treatment facilities only in the 13th Five-Year Plan.

The state committee has demanded the adoption of immediate measures to construct treatment facilities by the enterprises and organizations of the city, as well to charge the committees for the protection of nature of the union republics with considering the state of sewerage systems and waste-water treatment facilities in major cities and industrial centers and, making use of the rights they have been granted, taking steps to ensure the strict observance of the requirements of water legislation by the users of water.

Local organs of power, so that they have a real foundation for the management of environmental-protection activity in the territories under them, should have strong ecological levers. One material step is the formation of dedicated regional funds for the protection of nature and the rational utilization of natural resources, at the expense of which natural-protection measures of a predominantly intersector and general-regional nature could be financed. The principal source for assembling these funds will be the payments of enterprises for standard emissions (effluents) of pollutants into the air along with fines for exceeding the established standards. Regional funds for the protection of nature are a tool for mobilizing the financial resources of enterprises for environmental-protection purposes and accumulating and redistributing them with the aim of realizing natural-protection measures with the greatest economic efficiency.

Passing along to the enterprises the maximum limits of allowable effects and standards for payments for pollution will assist in the economic management of planning environmental-protection activity. The enterprise, in formulating the plan, will have a choice: deduct the payments for pollution of the stipulated dimensions or implement natural-protection measures at the expense of in-house funds (the production-development fund or credit among others).

The performance of ecological and economic experiments in Zaporozhye, Kemerovo, Krasnoyarsk and in Donetsk and Sumy oblasts is projected for 1989 with the aim of working out methods for setting the standards for payments for natural resources and pollution of the environment along with the principles for the assembly and utilization of republic and local funds for environmental protection. The choice of those territories for organizing the experiment was conditioned first of all by the initiative of city and oblast soviets of people's deputies, who were able to attract the executives and specialists of enterprises and scholars from scientific-research institutes and higher educational institutions to this work.

The decisions of the collegium of the USSR Ministry of Ferrous Metallurgy can be cited as a positive example of restructuring attitudes toward environmental-protection activity. A sector Ecological Council was formed there; basic guidelines for a long-term sector program for the protection of the environment and the rational utilization of natural resources for the 13th Five-Plan and to the year 2005 have been approved, on the basis of which the long-term natural-protection programs for all enterprises and associations of the ministry are being reconsidered, elaborated and coordinated with the ispolkoms of the local soviets of people's deputies. It has been established at the same time that the realization of the environmental-protection programs should take priority in the implementation of measures associated with capital construction and the reconstruction and modernization of enterprises.

A republic fund for environmental protection and the rational utilization of natural resources has been functioning as an experiment in the Estonian SSR since 1983. The USSR State Committee for the Protection of the Nature and Timber Resources, in conjunction with the ESSR Academy of Sciences, has organized the development of the essential methodological materials. It was decided as an experiment to employ economic standards for resource utilization at the Estonslanets PO [Production Association] in 1988, and standards for compensation payments for agricultural and timber lands were approved and a draft of payment standards for generally occurring minerals and peat was prepared. The experience of the Estonian SSR shows that the tasks of forming an economic mechanism for managing environmental-protection activity are entirely achievable.

The introduction into practice of payments for natural resources and pollution is possible only when they are reflected in wholesale prices. Otherwise the profit-and-loss income of the enterprises could prove to be insufficient for these payments. This situation, with certain exceptions, however, is not taken into account in practice in the standard documents of USSR Goskomtsen [State Committee on Prices]. The Technique for Determining Wholesale Prices for Production and Technical Products for the raw-materials sectors of heavy industry, approved in 1988, does not envisage the introduction of payments into the wholesale price structure for natural resources established on the basis of differentiated rents or for emissions (effluents) of pollutants into the environment.

Scales of compulsory premiums over wholesale prices for ecologically more advanced products compared to the price of analogous products with worse ecological properties (content of harmful substances in fuels and raw materials, toxicity of mineral fertilizers and pesticides, unit pressure of agricultural equipment on the ground and the like) should be introduced (in the course of the impending price reforms) for the purpose of providing

economic incentives for the production and use of ecologically "clean" types of fuels, raw and other materials, closed (waste-free) process systems and the like.

USSR Goskompriroda considers a most important area of its activity to be participating in the creation of an efficient economic-planning mechanism for management that is oriented toward the rational utilization of nature. The state committee in turn needs support and assistance on the part of central economic, sector and territorial bodies in the execution of purposeful work to improve the country's utilization of nature.

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### INVESTMENT, PRICES, BUDGET, FINANCE

#### Possibility of Retail Price Reform Raises Concerns

18200315 Moscow *EKONOMICHESKAYA GAZETA* in Russian No 13, Mar 89 p 5

[Interview with V. I. Shprygin, deputy director of the Scientific Research Institute for Prices and doctor of economic sciences, by an *EKONOMICHESKAYA GAZETA* correspondent; date and place not given]

[Text] Just as the discussion that is taking place in the press on retail price questions, the readers' mail testifies that emotions and not the logic of the arguments often predominate in the discussion. The letters often express a lack of trust in the judgments of USSR State Committee for Prices representatives who are regarded as defending the department position and disregarding the interests of consumers. The increasing inflationary growth in prices and the shortage in the consumer market are also tossing "firewood" onto the bonfire of the polemics. That is why we would like to look unbiassedly at the economic reality and appeal to the reason of facts. Our correspondent talked about this with V. I. Shprygin, deputy director of the Scientific Research Institute for Prices and a doctor of economic sciences.

[Correspondent] Vladimir Ivanovich, do you agree that the discussion of the problems in retail prices has taken on some kind of lop-sided nature. We are only talking about prices for food products. However, price reform does not boil down only to this.

[Shprygin] Actually, food supply questions and the prices of food products are alarming everyone. According to budgetary research data, the families of workers and employees spend every third ruble on food. This is occurring when the total income calculated per family member is 143 rubles. Expenditures for food can reach 70 percent in families where the per capita income is lower. The heat of passions comes from this.

The March CPSU Central Committee Plenum particularly pointed out that state retail prices for such basic food products as bread, flour, cereals, meat, fish, eggs, milk, sugar, animal and vegetable fat, and children's food products will be maintained at the present level for the next two-three years. The introduction of contract prices for early, seasonal and highly perishable products—potatoes, vegetables and fruits—is envisaged. Local councils are being given the right to establish the maximum retail prices for potatoes, vegetables and fruit.

During the plenum, much was said about the need for price reforms and it was pointed out that we are faced with an objective necessity to establish a qualitatively new and interconnected system for purchase, wholesale and retail prices.

During the coming price reform in the retail price area, a large amount of work will be connected with improving price formation practices for non-food items. It will be necessary to define their levels and relationships more exactly, considering the item's production and sales conditions, which have changed during recent years, and the overall economic situation in the country.

[Correspondent] Is it really possible to close our eyes to the problem of the "washing away" of inexpensive varieties?

[Shprygin] A number of economic privileges have already been provided today for the production of children's items and products for the elderly, which are sold to the population at socially low prices. The production of these goods is being carried out in accordance with state orders and in an obligatory manner. Numerous labels of light industry goods are being abolished as not having proven themselves—and along with them, the price mark-ups in effect. For the population, this means a direct lowering of the prices of goods by 300-350 million rubles a year.

Price mark-ups can now only be established for goods having an "N(new item)" index. The periods that these mark-ups—which have been reduced to 15 percent—are in effect, have been shortened (with the exception of certain goods) to one year. Because of this, the population will receive an additional gain in the amount of 300-500 million rubles. Thus, the overall decrease in prices for the population will be approximately 600-800 million rubles for light industry goods alone. However, this is only the initial stage in improving the retail price system.

[Correspondent] The radical economic reform is enlivening commodity and financial relationships. As a result, the place and role of prices is changing in the economic mechanism system and this requires a review of the methodology for forming prices, including retail ones.

[Shprygin] This is an extremely urgent and complicated problem. It is very important to consider the interaction of, for example, retail prices, incomes and taxes. Such questions as the interconnection of wholesale, purchase and retail prices and of retail prices and state subsidies are also being examined during the pricing reforms. It is necessary to look at the retail price structure in a new way. For example, is the presence of a turnover tax in them always justified and are the sizes of the commodity rebates, through which the incomes of trade organizations are formed, sound ones? These and many other urgent questions in improving the pricing structure are still outside the limits of the discussions.

[Correspondent] The distortions in pricing relationships often simply amaze us as buyers. Let us touch upon, for example, prices for food and non-food products....

[Shprygin] Several relationships amaze even me. As an individual who is professionally engaged in prices, I can say that not only individual relationships but also the entire system of retail prices and the principles and methods for constructing it became obsolete long ago and need a radical revision.

Can one really recognize as correct price relationships where it is possible to acquire a half ton of milk, the annual consumption norm of such products as meat and a three- or five-year consumption norm of potatoes and bread for the same price as regular jeans or women's boots?

The need to reform retail prices is also caused by the fact that it is necessary to guarantee conditions for saturating the market with consumer goods.

[Correspondent] What effect are the dynamics of wholesale prices for fuel resources having on retail prices?

[Shprygin] The wholesale price level for them will be raised. This will inevitably also have an effect on the dynamics of retail prices. However, the fate of the price for each specific commodity will not depend only on this. Other factors are also operating here: the social importance of the item, the demand for it, its scarcity, and its quality.

I would especially like to talk about a new anti-expenditure methodology for the interconnection of retail and wholesale prices. Up until now, the retail price for many consumer goods was formed using the enterprise wholesale price and adding the turnover tax and commodity rebate to it.

As a result, it made no difference to enterprises whether expenditures were lowered or not since the wholesale prices seemingly supported any expenditure. It has now been decided that the wholesale prices for many consumer goods will be determined in a different way, namely, as the difference between the retail price and the turnover tax and special discount to trade organizations.

An addition there; a subtraction here. However, it would seem that there is profound economic sense behind this purely arithmetical operation.

A "ceiling" on retail prices for goods is provided under the new procedure. This "ceiling" is established by comparing similar or interchangeable items. Previously, the level of the retail price depended on the wholesale one. Now, it is the reverse: The wholesale price will depend on the retail one.

What does this provide? Now, an enterprise must think about reducing production costs in order to keep within the wholesale price and have a profit. From this point of view, the retail pricing reform is capable of imparting a powerful stimulus to reducing expenditures.

[Correspondent] The scientific character of the approach to the coming retail price changes most frequently evokes doubts. Public opinion has not forgotten, to put it mildly, the clumsiness with which the State Committee for Prices maneuvered the prices for carpets and crystal. Moreover, we have been talking for a long time about reforming retail prices but its concept has officially not yet been brought up for discussion for some reason.

[Shprygin] Price reform is an exceptionally critical measure. It is necessary to weigh everything carefully many times and to think about it. Work is being done along this avenue. Computers and multi-product models are being used, and interbranch balance sheets and economic forecasting capabilities are being put into effect. More than a dozen versions are being computed, and all the consequences of carrying out the reform are being weighed and thought about. The experience in conducting similar reforms in the socialist countries is being carefully studied. All of the best is being extracted from this experience.

#### **Commercial, Cooperative Banks Advocated to Improve Bank System**

18200198 Moscow PRAVDA in Russian 10 Feb 89 p 2

[Article by V. Davydov, chief of the Ulyanovsk Oblast Administration of the USSR State Bank: "Over and Above the Plan—a Bank-Note"; first paragraph is PRAVDA introduction]

[Text] The article under the headline "Not Any Wise Man," which was published in PRAVDA on 7 December 1988, expressed the painful thoughts of many people who had—in one way or another—attitudes toward work in the banking system. An expanded meeting of the USSR State Bank's management board was held soon after the article's publication; I had to be present during it. A discussion of the newspaper article arose automatically. Everyone, I repeat, everyone of my colleagues without exception came to the opinion that the new banking structure is imperfect and that it has been heavily stricken with departmentalism. The main thing that they wanted to get rid of when the new system of

banks was established, has not faded away but, on the contrary has taken root and blossomed out in a double-dyed color. This is the growth and bureaucratization of the management staff and the lack of coordination and the slowness in the actions within the operations of the entire banking mechanism.

The question arises: Does it appear that the idea itself of banking reforms was incorrect from the beginning? No, to think this is also a mistake. The national economy has long needed an improvement in the activity of credit and financial establishments. I think that the avenues of this reform have been correctly reflected in the decisions of the CPSU Central Committee and USSR Council of Ministers in general. However, what has happened in practice? For example the specialization of banks should have, as they assumed in the beginning, brought these institutions closer to enterprises and made their impact through the credit and monetary mechanism more effective. As last year demonstrated, however, the specialization of banks is not in the air. Those offices, which arose at the union, republic and oblast levels under the signs "Agroprombank," "Zhilsotsbank" and "Promstroybank" are only an administrative superstructure. The sloggers are the rayon links where all banking policy is implemented in close connection with economic agencies—they have experienced no specialization. They are working with the same clients after the reforms just as they had serviced all areas of the rayon's national economy before the reorganization—but only with less interest and with poorer quality. The Agroprombank, for example, regards enterprises and institutions in the social and housing area and industry coolly. There is nowhere for them, the step-children, to go.

Thus has a vacuum been created in banking services. It is for this reason, in my opinion, that none of the oblast management boards without banks today has a serious economic analysis of the failures in implementing the cash plans for entertainment, transport and municipal enterprises and organizations.

How strange it is that the special banks are now displaying more interest not in searching for reserves to increase the production of consumer goods and provide paid-for services to the population but in soliciting a reduction in the cash plan and an increase in the issue of money from the oblast gosbank administrative board. This dangerous tendency can only lead to the illusion of financial prosperity. In my opinion, the approach itself to the circulation of money and its component parts—the cash plan and issue indicator—has become much more superficial and shallow not only on the spot but also in the higher central specialized banks. The following example testifies to this. When awarding the temporary Red Banner to its Ulyanovsk management board for work results during the third quarter of 1988, the USSR Agroprombank was not even interested in the condition of the money circulation in the oblast. Just as many other oblasts, it

was flooded with money. However, you see, an "above-the-plan" banknote is not the same thing as an above-the-plan commodity or service. Perhaps, departmentalism and even the greater bureaucratization of the staff have become the most dangerous phenomena in the work of banks. Whereas a bank branch was "locked" into one oblast link—the gosbank office—before the reforms, this lower institution is now linked with four oblast management boards. Essentially, four oblast "presses" squeeze one bank branch and each one proceeds from its own departmental interests during this. The bookkeeping of the rayon branch of the bank has grown fourfold. Who needs such a reorganization? The bank branch workers have ceased to engage in economic work. They only have time to answer telephone and written inquiries from the four oblast departments.

However, one cannot close one's eyes to the inflation in the oblast staff of the banks. At first glance, it seems that an increase in the number of workers at the oblast link has not occurred. Indeed, the reorganization was conceived within the limits of the gosbank and stroybank staff size. However, a fourfold increase in the headquarters, in fact, occurred due to the reduction in ordinary workers—to the detriment of the quality of economic work.

The impression is taking shape that the first stage in the reorganization of banks was begun in order to fill these bureaucratic services more rapidly with personnel who were at times unqualified. The main task, for which the banking reforms were carried out: the radical improvement of the credit mechanism and the strengthening of money circulation in every way possible, has remained in second place and has still not been solved.

In my opinion, it is necessary to improve the banking system more rapidly and to establish a broad network of commercial and cooperative banks that would be genuine partners of economic agencies and cooperatives. This will undoubtedly have a positive impact on normalizing the economy. You see, a good future task—the transfer of banking to cost accounting—will be hindered by the lack of knowledge of the process itself of organizing the new types of banks. This is something new for our country. The USSR State Bank, Ministry of Finance and even economic science have turned out to be unprepared for this restructuring. The experience of foreign countries in this work still remains unfamiliar to us. In my opinion, it is necessary to establish faculties in VUZ for the training and re-training of specialist bankers who have mastered the secrets of operating commercial and cooperative banks.

## REGIONAL DEVELOPMENT

### GSSR Gosplan Officials Discuss Regional Economic Autonomy Draft

18200332 Tbilisi ZARYA VOSTOKA in Russian  
22 Mar 89 p 2

[Discussion with the board of GSSR Gosplan: "A Strong Republic—A Strong Center"; edited by Valeriy Budumyan and Tamaz Lomsadze]

[Text] We are discussing the draft of the "General Principles for Restructuring the Management of the Economy



**and Social Sphere in Union Republics on the Basis of the Extension of Their Sovereign Rights, Self-Administration and Self-Financing."**

Three days after the publication of the draft "General Principles for Restructuring the Management of the Economy and Social Sphere in Union Republics on the Basis of the Extension of Their Sovereign Rights, Self-Administration and Self-Financing," there was a meeting of the board of GSSR Gosplan. We will make the reservation right away that the draft was nothing new for its members. The chairman of the republic Gosplan, his deputy and other committee workers took part in its preparation. Nevertheless, as was noted immediately by the board, a careful discussion of the document lies ahead.

**Omar Vardzelashvili, deputy chairman of the GSSR Council of Ministers and chairman of the republic Gosplan:**

First of all, it should be noted that the draft, on the basis of which the law will be formulated, is not a final model for the long term. In the present stage, taking into account the willingness of the republics, the draft "General Principles for Restructuring the Management of the Economy and Social Sphere in the Union Republics on the Basis of the Extension of Their Sovereign Rights, Self-Administration and Self-Financing" basically meets the tasks of strengthening the economic independence of the union republics and of raising their responsibility for the comprehensive economic and social development of subordinate territories and it can be considered an important step in preparing for the second stage of the political reform.

The draft, which was worked out with the participation of all union republics, central economic agencies, research organizations and the country's leading scientists, essentially found a correct approach to the resolution of these complex and acute political and economic problems on the basis of joint overall state and regional social and economic interests. In particular, the basic principles and directions were worked out for the improvement of the management of the social and economic development of the republics and regions and for the expansion of the sphere of their economic independence within the scope of a single national economic complex, which conforms to the general principles of the restructuring and democratization of the economic and political life of our society.

The legal mechanism proposed in the draft for the strengthening of the economic independence of the republics and regions and for defending their social interests is of decisive importance and is organically linked with the reform of the political system being carried out.

The economy directly managed by the union republic is expanding significantly through the maximum concentration of the management of the sectors of the social

sphere, construction and nature conservation work. In the economy subordinate to the republic Council of Ministers, up to 70 percent of national income not counting the household sector instead of the 20 percent at the present time and up to 85 percent against 35 percent counting personal plots will be created under the conditions of the Georgian SSR.

The further strengthening of the unified national economic complex on the basis of interrepublic and inter-regional integration and the formation of a single national market are a reliable guarantee of the acceleration of social and economic progress and the efficient functioning of the mechanism for the self-administration and self-financing of the republics. In so doing, a unified national policy will be implemented in the area of the social reorientation and structural reorganization of the national economy, the realization of special scientific-technical programs, the development of a financial and credit system, monetary circulation and foreign economic activity, and the improvement of the country's defensive capability.

Proceeding from these premises, the draft includes an interrelated system of measures to strengthen the financial base and budgets of the union republics. In this respect, it appears most important to establish the direct dependence of the income part of the budgets of the union republics upon the results of the work of enterprises and associations located in the corresponding territory, regardless of their departmental subordination. The transformation of the budget of the union republic into the primary source of the financing of its social and economic development makes it possible to consider more fully and comprehensively local peculiarities and to realize specific national tasks and the participation of republic enterprises in the formation of the union budget will strengthen the interest of central authorities in guaranteeing accelerated development.

Favorable conditions for the development of local initiative and socialist enterprise will be established by the mechanism proposed in the draft for the planned management of the social and economic development of the republics covering clearly delimited and substantially expanded functions and rights of the union republics in the area of planning, capital construction, material and technical supply, environmental protection and the utilization of nature, the development of science and technology, and foreign economic activities.

Thus, the draft "General Principles..." published for national discussion can serve as the starting document for the passing of a law on the management of the economy and social sphere in the union republics on the basis of self-administration and self-financing and overall is worthy of approval.

At the same time, however, individual positions of the draft require close review, more in-depth study, precise formulation and refinement taking into account the

special features of economic specialization and the existing economic ties of the union republics. It is precisely for this reason that it is important for us to analyze all of the positions again and again critically. Many of those present have already developed a definite point of view. I ask them to express their thoughts.

**Iveri Shalamberidze, head of the section for finances and prices of GSSR Gosplan:**

The economic sovereignty, self-administration and self-financing of the union republics are unthinkable without the establishment of the appropriate financial base. It is precisely for this reason that the draft provides for fundamentally new approaches to the formation of a system of financial relations and the restructuring of the budgetary and financial-credit system. In particular, it outlines a precise delimitation of the income entering the budgets of the republics and the union budget as well as of the expenditures made in each link of the budget system.

At the same time that the republics are granted broad powers in the planning and execution of budgets—the union republics will independently formulate their own budgets—they have a significantly greater responsibility for the efficiency of the work not only of the subordinate but also of the entire economy located in the territory of some republic or other.

In addition, I am critical toward individual positions of the draft and I think that it is necessary to continue to complete and refine them. What do I mean?

Unacceptable, it seems to me, is the proposed entrustment of the budgets of the union republics with compensation for the difference in the prices for meat and milk, because under these conditions some republics can find themselves in a difficult situation.

On the basis of the production specialization of the national economy, our republic plays an important role in the satisfaction of the country's needs for southern and tropical crops as well as products from their processing. In developing principal sectors at an outstripping rate on the basis of All-Union interests, we are forced to satisfy part of the population's need for the products of animal husbandry by importing them. The difference in the prices for these products amounts to quite a sum. And it seems that it would be unfair to put this burden on the budget of the republic. Especially since there has not yet been any determination of the prospects for the prices for the output that we export and, as for the subsidy prices themselves, they are set by the union authorities themselves.

Two positions on the "General Principles..." are not logically interrelated. Thus, on the one hand, they stress the necessity of managing at the union level the specialization and cooperation of the economies of the union republics, interrepublic and interregional integration,

the resolution of problems in the social reorientation and restructuring of the national economy, and the strengthening of the financial and credit system and monetary turnover. On the other hand, however, they point out the heightening of the responsibility of the union republics for balance between monetary income and the expenditures of the population.

And one last thing. The formulation of the distribution of the turnover tax between the union budget and the budget of the union republics needs to be refined taking into consideration the guaranteeing of identical economic conditions for each of them.

**Petr Bakradze, head of the summary department for national economic planning of GSSR Gosplan:**

And I will say this. The idea of the transition to territorial self-administration and self-financing approved by the 19th All-Union Party Conference became a subject of critical and vigorous discussion for our public. The highest party and state authorities in the country and union republics dealt with these questions. The result was the generation of a detailed document in the form of the published draft "General Principles for Restructuring the Management of the Economy and Social Sphere in the Union Republics on the Basis of the Extension of Their Sovereign Rights, Self-Administration and Self-Financing."

In the current stage, the concept set forth in the draft serves as the basis for the gradual overcoming of the contradictions now existing between the economic interests of the center and the republics and for raising the degree of complexity in the development of the productive forces of each of them.

Of particular importance for this is the substantial expansion of the sphere of economic independence of republic administrative authorities by concentrating in their competence the management of the production of food and industrial consumer goods, the services sector, the regional production infrastructure, the construction complex, environmental protection and other forms of activities that have to do directly with the everyday lives of people.

The granted rights will be realized on the basis of a substantial expansion of the sources for the formation of the budgets of the union republics. In particular, through the income of enterprises of union subordination.

The strengthening of the independence of the republics is also expressed in the extension of their rights in the planning area, above all by reducing to a minimum the number of indicators and economic processes planned from the center. The republic authorities are also given more competence in the management of scientific-technical progress, capital construction, material and technical supply, and foreign economic activities.

The draft under review does not, of course, resolve all questions having to do with the economic independence of the union republics and not all of its positions can be considered the most effective means of ensuring the correct matching of the interests of the center and the regions. Thus, it appears to be most advisable for the underlying planning data sent to the republics by the central authorities to include not only deliveries of food and consumer goods to the All-Union stock but also their deliveries from the All-Union stock. And both not only in annual and five-year plans but in the long term as well. This is essential for the establishment of reliable guarantees of the stable social and economic growth of the republic and the long-term development of efficient specialization of its economy.

To a certain degree, the assignment of control figures on the volume of net output of the material production sectors can limit the possibilities of the union republics to resolve by themselves questions in the determination of the speed and proportions of their development. To resolve national tasks, it will be sufficient to establish state orders. There are other matters as well.

**Valerian Advadze, director of the Research Institute for Economics, Planning and the Management of the National Economy under GSSR Gosplan:**

The draft under discussion today is truly very important for our country. We must assess it as a positive occurrence, as a major step on the way to the economic independence of the union republics. But I think that the document needs further improvement from the positions of tomorrow.

The first aspect is the title of the draft. Today the peoples of the fraternal republics are striving for political, economic and cultural independence within the USSR. This is not fully reflected in the draft. It speaks only of extending the sovereign rights of the union republics.

Furthermore, economic sovereignty implies that each union republic must be the possessor of its national wealth so that it can manage its own economy. But this important question remains unresolved in the published draft.

The draft correctly notes that the rights of the union republics and their economic base were restricted in the period of the arbitrary and administrative system of management. At the same time, according to the draft, the enterprises of the basic sectors of the national economy remain subordinate to the center. What is the result? Again the master of the situation is the ministry, which may have reduced its staff but has by no means changed its functions. So is it still a matter of dictates? In this situation, naturally, it is impossible to call the republic the complete master of its own economy. And therefore it is difficult to ask it to manage its economy efficiently.

A number of economically advanced republics are demanding that the level and quality of their lives correspond to the resources that they create with their own labor. The 19th All-Union Party Conference supported this demand. It was also written in one of its resolutions.

Unfortunately, today there are no real data on the contribution of each union republic to the All-Union stock or on how much they receive. Nor are there any criteria for determining deposits and deliveries from there. The draft does not even hint at clarifying the contribution of each union republic and its share from the consumption fund. In addition, the proposed version for the formation of the union, republic and local budgets does even more to cloud this issue.

The draft makes frequent mention of the "union republics and regions." It is hardly possible to agree that it is necessary to combine these concepts, for even if some region is several times the size of a union republic, the republic is a sovereign state within the USSR and this cannot be said about regions.

There are other comments about this draft. Today I will limit myself to those given above. And we will hope that after discussion it will be changed considerably and refined, which will indeed make it possible to resolve those problems that face the country's economy today.

**Amiran Gabisoniya, head of the department for the improvement of the economic mechanism, management and planning of GSSR Gosplan:**

I think that the draft proposed for discussion is an important document for this stage, which, considering the level of democratization in the social and productive development in the current stage, comprehensively reflects the rights and responsibility of the union republics in the restructuring of the management of the national economy.

In particular, qualitatively new possibilities for the more efficient management of social and economic life are opening up for our republic. It involves the expansion of rights and possibilities in economic independence, in planning and financing, in the setting of prices and the extension of credit, and in general in carrying out economic policy and increasing the scope of the so-called republic economy, etc. In short, the draft contains positive ways and forms of resolving the problems that have accumulated in these areas.

In assessing the draft, everything depends upon the position from which we examine it. It appears that these principles, subject to approval in the 13th Five-Year Plan, will help in the subsequent transition to more realistic and more nearly ideal principles of self-administration and self-determination and not merely self-financing and to more complete forms of economic, social and political independence of the republic.

From this position, the draft merits full approval, taking into account, of course, the refinement of individual positions that will be put forward by specialists in the process of nationwide discussion. The questions of planning, financing, economic independence, capital construction, new technology, price setting and compensation for subsidies will also be refined in many aspects of the "General Principles." I repeat, however, that everything depends upon how we perceive the document. In the current stage of development, it fully meets the set tasks.

**Vakhtang Chikovani, head of the department for balances of raw and other materials of GSSR Gosplan:**

In my opinion, the establishment of a single All-Union socialist market through the comprehensive development of wholesale trade and the sale of goods at fairs and auctions are the basis for the full and timely satisfaction of the demand of associations, enterprises and organizations for material and technical resources.

The determination of real resource needs in wholesale trade is attaining primary importance. Every producer is obligated to know precisely what he needs for uninterrupted and accurate work. For this reason, the draft is attractive in that the section "Material and Technical Supply" stresses the broad application of scientifically well-founded standards for expenditures in the determination of resource volumes on the basis of the active position of resource saving. What results can be expected? It is all simple. If, in the determination of the ceilings of material and technical resources in the union republics, USSR Gosplan and USSR Gossnab will also be guided by well-founded standards, then it can be said that all problems of material security will be resolved. Unfortunately, until now by no means all resources have been allocated according to standards, which also determines their shortage in the republic.

There is, however, a "but." The draft does not say who will determine these scientifically well-founded standards. The central or planning authorities of the country, suppliers or.... We will hope that in due time we will be able to obtain accurate information. But today in this form this point in the draft can hardly be called absolutely perfect.

The elaboration of a system of economic and organizational-legal measures for the development of competitiveness and competition between suppliers is also becoming very important. It is necessary precisely here to eliminate monopolistic tendencies that infringe on the interests of consumers. It is also important that this will help in the production of output in a broad assortment, precisely what consumers are demanding.

I think that Point 10 in the section "Material and Technical Supply" should be stated more specifically. Here it is a matter of the formation of reserve material, food and financial stocks. In the existing system for the

setting of limits to the consumption of material resources for the republics, their participation in the establishment of reserve stocks, as stated in the draft, is practically impossible. For the limits are foreseen only for the planned volumes of the production of output, the performance of work and the rendering of services. Consequently, the limits must either be increased or.... Or it is necessary to await the introduction of wholesale trade everywhere.

And there is something else that I want to say. In the period of the establishment of wholesale trade, it is necessary to adopt a directive document supplementing the decree of the USSR Council of Ministers "On the System for the Formation of State Orders in the Years 1989-1990." It must obligate suppliers-producers together with state orders to guarantee the delivery of material and technical resources allocated by the country's Gosplan and Gossnab in accordance with limits....

**Aleksandr Movsesyan, deputy chairman of GSSR Gosplan:**

I want to point out two aspects. The first: speaking objectively, the publication of the draft is an event of tremendous importance. It is the fruit of the most serious labor. Another new trend is the fact that the draft of general principles appears in such a form. Especially since a broad group of specialists, representatives of all union republics with equal rights, took part in its preparation. It was also extensively reviewed at the highest levels, with the participation of managers and specialists.

Thus, extension of the rights of the union republics in the management of the national economy. But, as pleased as we are with this, we must not forget that responsibility is increasing tremendously. For the republic has to take everything on itself.

Secondly, whereas a tremendous amount of attention is being paid to material and technical supply, transportation and communications are just mentioned in passing. But there are many problems here as well. It is quite correct, for example, that the railroad and sea transport will be subordinate to the center in the future as well. Just imagine what kind of confusion can arise if there are 15 or more managers with equal rights for the main transportation arteries. It is, of course, impossible not to agree that the most diverse changes in this area must be known to the union republics and the councils of ministers of the republics. But there is one point that one cannot agree with. The draft states that the leadership of the republics must be informed of the changes. In my opinion, the wording should be replaced with "coordinate." After all, the republic does have its own forms of transportation. Now about the transfer of the subways to the local budget.... It is strange but the railroad is subordinate to the center and the subway is under us.



Why disturb an already approved system of administration? And it is necessary to correct and reorganize not what has over the years proven its right to exist but failures and omissions.

Today there has already been talk about material and technical supply. I will add that here I have a large number of objections and addenda. Today we live in a period of transition from a limited system of distribution of stocks to wholesale trade. It is wonderful that we are giving ourselves the goal of organizing a free market. The draft makes clear that in a period of transition there remain questions in the formation of stocks and the limitation of control figures and therefore the transition must take place smoothly. And this smooth transition must reflect the rights and legal requirements of the consumer. For what happens is that they give us ceilings. We issue standards and quotas, try to increase deliveries and distribute. The consumers turn to the suppliers and to the plants and factories. But they do not give anything. Perhaps they are relying on the Law on the Labor Collective.

You understand that the labor collective must have its rights as well as its obligations. And is it really difficult for the labor collective to change a production program? Change it until the ceilings become known. Please consider these examples. This year we have ceilings and allocations for 1,260 GAZ-24 taxis. The year began and suddenly the Gorkiy Motor Vehicle Plant reports that they can send us only 670 cars. What does this do for us? Or the Elgava Motor Vehicle Plant that produces the well-known RAF's. We were allocated 177 motor vehicles but we will receive just 65. And the plans are disrupted. The same thing is happening with construction machinery and hence there is a breakdown of planning targets for the putting into operation of facilities for social and cultural services and housing. The consumer needs legal protection, otherwise it will simply be impossible to achieve results from wholesale trade under the acute shortage of extremely important components of the economy.

**Otar Kakauridze, deputy chairman of GSSR Gosplan**

I am not going to delve specifically into questions involving planning. The approach is fundamentally new and one cannot help but welcome this.

I will dwell on several questions raised today by the participants in the board meeting. In particular, about the preservation of the dictates of the ministries and departments. Yes, of course, it would not be a bad thing if the enterprises that are now subordinate to the union were shifted to the republics. But let us look the truth in the eye. Do the prerequisites now exist for this? I think that the republic is not yet in a position to take on the management of such basic sectors of the national economy as metallurgy, chemistry, machine building.... I am not even talking about transportation—the railroad,

aviation and the navy. Well, suppose that we nevertheless took a risk and took them upon ourselves. But here we need major research institutes, it is necessary to concentrate scientific thought, and finally we need equipment for them as well as personnel and substantial additional financial investments. Clearly we do not have this either, nor is it likely that we will in the near future.

Then, the opinion about the formation of the budget. It is said that it would be better if republic enterprises reduced their payments to the budget of the USSR by 10 percent and if union enterprises reduced theirs to the republic budget. Is it not clear what this would do? And then, is the union budget really not ours?

I will repeat that the dictates of the center must not be replaced by the dictates of the republics. This will hardly lead to anything good.

**Bakur Gulya, first deputy chairman of GSSR Gosplan:**

Being a member of the commission that formulated the draft bill on local self-administration and the local economy, I can assert that the mentioned document and the draft "General Principles..." supplement each other. One frequently hears, however, that the concept of these documents was formulated by the Baltic republics. This is a fundamentally false opinion, for they wanted to maximize the ideas essentially approved in recent years in the Georgian SSR. Precisely this maximalism did not find support.

The implementation of the "General Principles..." requires the fulfillment of three conditions. In the first place, and this is the main thing, many of the rights granted need to be given directly to the localities and to the local soviets of people's deputies.

Secondly, one must not permit restriction of the independence of enterprises.

And, thirdly, develop horizontal ties—equivalent commodity exchange among union republics instead of the ties previously dictated from the center.

True, it must be stated that we, to put it mildly, are not prepared to realize these conditions. And this is the main obstacle to the extension of the sovereign rights of Georgia.

*The board completed its work. In expectation of a large volume of comments and proposals from republic ministries and departments as well as from public organizations and citizens of the republic, all sections of Gosplan now have the task of organizing the review and analysis of the positions of the draft "General Principles...". After correlation and presentation of scientifically well-founded conclusions, proposals will be given to the republic's directive bodies.*

**Vilnius Roundtable: Economic Accountability**  
*18000740 Moscow TRUD in Russian 1 Apr 89 pp 1-2*

[Report on TRUD roundtable discussion conducted by TRUD special correspondents G. Konchyus and A. Pankov]

[Text] Scientists, planners, representatives of departments, and party and trade union workers from Belorussia, Latvia, Lithuania, Estonia, Tataria, and Sverdlovsk Oblast attended a TRUD roundtable in Vilnius in order to exchange ideas on the draft of the "General Principles of Restructuring the Management of the Economy and the Social Sphere in Union Republics on the Basis of the Expansion of Their Sovereign Rights, Self-Management, and Self-Financing," to amend it, to present their conception of regional economic accountability, and to describe the degree to which they are prepared to make the transition to it. And now the participants take the floor.

[V. PAVLOVA, sector chief, Council for the Study of the Productive Forces, USSR Gosplan; candidate of economic sciences]: The discussion of recently drafted laws is taking place in a truly pluralistic atmosphere: in their concern for perestroika, people are expressing all manner of viewpoints. We will obviously make numerous comments about the draft of the "General Principles of Restructuring the Management of the Economy and the Social Sphere in Union Republics..." But I initially want to emphasize: this document is a fundamentally new and important step in expanding the rights of union republics. A considerable number of enterprises will pass into their jurisdiction. Local financial resources will be greatly increased. They themselves will be able to increase republic budget revenues. They will be given the right to create nonbudget funds by floating bonds, holding lotteries, etc. That is, the financial and economic state of a republic will now depend to a much greater degree on local initiative and enterprise than was previously the case.

[V. YANKAUSKAS, chief, Socioeconomic Department, Latvian CP Central Committee]: For several years, some of the enterprises in our republic have been working on a full economic accountability basis and this year all enterprises have been converted to full economic accountability. But what do we have from this? We can only be glad that the statistical accounting indicators are slightly better. But at the same time, we offer the population a longer list of scarce goods. We have even gone so far as to include soap on this list. This is big politics, not economics. On the other hand, regional management organs do not feel that the population's living standard depends to the slightest degree on the effectiveness of the enterprises' work. It is true, to be sure, that some collectives have amassed more money, but they have nothing to spend it on.

We therefore believe that in order to expand regional economic independence and to make the transition from administrative to economic methods, republic economic

accountability must be instituted as soon as possible, especially in view of the fact that the Baltic republics have been preparing for this for a long time.

[S. UOSIS, professor, Vilnius State University]: In the central press, the authors of our conception of republic economic accountability are accused of trying to get Lithuania to secede from the USSR. This is some kind of misunderstanding. We want the USSR to be truly a union of sovereign republics. But such sovereignty is impossible without economic independence. That is, it is essential that a republic (and enterprises) not be commanded from the center by departments but that it consult and collaborate. In my view, collaboration can best be realized on the basis of commodity-monetary relations through the market rather than through the offices of central monopolistic organs.

It is also necessary to coordinate republic economic accountability with self-financing. Is it possible to speak of independence if, judging by the "General Principles," banks will not be subordinate to the republic? Credit and emission resources will also be the exclusive province of the center and will be distributed by the center.

If all of us now occasionally feel that we are willfully using administrative measures to redistribute resources between republics and enterprises, will this not continue if the unified monetary system is preserved? We therefore propose that the republic introduce its own monetary units.

The republic must put its monetary system in order so that the money would not be floating paper money, but money that is backed by goods. It is difficult for us to resolve this problem by our common efforts because we may earn our money in one part of the Union and spend it in another part. There is no economic mechanism that would compel us to maintain a balanced economy.

[L. ROMANENKO, deputy chief, Socioeconomic Department, Sverdlovsk Party Obkom]: But this is not an economic method, but simply a constraint. Why then should we make the transition to republic economic accountability? We introduce our own money and the resources remain with you.

[S. UOSIS]: No! Money will be real money only when it becomes a real equivalent.

[L. ROMANENKO]: Sverdlovsk Oblast's conception, which we developed in parallel in the process of preparing for the regional economic accountability experiment, does not differ so very much from the "General Principles." We for the most part agree with them. But we do have our own view on individual questions. Thus, paragraph 3 of section III proposes the establishment of uniform normative deductions for everyone that are to be paid to the oblast budget from the balance sheet profits of enterprises of union-republic subordination. We disagree with this because various regions, the Urals,

the Baltic, and Central Asia, for example, had different starting levels in their socioeconomic development. And the uniform norm only reinforces the existing level—we will then continue to lag.

We also believe that payments for natural and labor resources must for the most part go to the oblast budget, not the union budget.

Considering the low level of development of the social sphere in our oblast, an enterprise must contribute about 760 rubles for every worker annually and 3000 rubles for every newly hired worker. According to our calculations, one worker gives us approximately 60,000 rubles profit a year. Consequently, 3000 rubles is also profitable, both to the enterprise when it creates a new job, and to the region. We also propose instituting payments for land resources: approximately 20,000 rubles for every hectare of land condemned for industrial use and 1200 rubles a year for every hectare of industrial land. That is, our budget must for the most part stem be based on the oblast's leasing of its labor, land, water, and forest resources to the enterprise.

We also propose transferring to oblast or city jurisdiction union-republic enterprises that use more than 50 percent local raw materials or that satisfy the oblast's needs. They are for the most part enterprises in light industry, the processing industry, the agroindustrial complex, and the construction industry.

If an enterprise pays us certain sums, we must take the solution of social problems upon ourselves. In order to facilitate this, we ask that we be allowed to establish not only the state order but also a local order for up to 30 percent of the production volume. Today this is allowed up to 5 percent and this, of course, is not enough.

[F. YASYAVICHENE, chief, Economics Department, LiSSR Council of Ministers]: The formation of the republic budget must be as simple as possible. We propose accumulating all income in the republic which will settle accounts with the union budget on the basis of the established norms. Budget to budget.

[KH. VITSUR, deputy director, Scientific Research Institute and Planning, EsSSR Gosplan]: If a republic receives fewer deductions from a Union enterprise than from a local enterprise, why have the former on its territory? Therefore we also believe that a certain fixed percent should be paid from the republic national income to the Union budget.

[N. DANILOV, first deputy chairman, Nizhniy Tagil Gorispolkom]: How do you coordinate the work of enterprises with the advent of regional economic accountability and the introduction of new money?

[KH. VITSUR]: Without real money, enterprises will be unable to work more effectively. We will not be able to create a work motivation system in a region where there

is nothing to buy with money. The monetary system must be decentralized in the economic reform transition period. Otherwise we cannot extricate ourselves from our critical position.

[V. PAVLOVA]: 77.3 percent of our financial resources will pass into republic jurisdiction (such is the figure according to your conceptions); only 22.7 percent will be left at the disposal of your rayons and cities. Does it not seem to you that at the same time you are fighting against the power of the "center," you are becoming the most undesirable center to rayons and cities?

[KH. VITSUR]: We are not forgetting about this and propose that the republic decentralize monetary resources all the way down to the village soviet so that all local authorities would have their own purse and would be able to dispose of them in accordance with the functions that are vested in them.

[L. KRYUKOV, director, Scientific Research Economics Institute, BeSSR Gosplan; candidate of economic sciences]: It is the first, albeit not very radical step forward.

But while endorsing the draft as a whole, we make a number of qualifications. Thus, we propose that the projected transfer of enterprises to republic jurisdiction not be postponed, but that it be carried out in the current year, before work on drafting the 1990 plan begins.

It would also be desirable to transfer to the jurisdiction of the republic individual enterprises of branches that according to the draft remain within union jurisdiction. We refer to enterprises that produce consumer goods from local raw materials, e. g., enterprises that produce rubber footwear, household chemical products, and sewn-knitwear products...

In a number of instances, the "General Principles" do not differentiate with sufficient clarity the functions of union and republic organs that manage regional socioeconomic development. For example, the material-technical supply of enterprises belonging to Goskomizdat [State Committee for Publishing Houses, Printing Plants, and the Book Trade] is effected through the republic, but they make their currency withholdings only through Goskomizdat, bypassing the republic in the process.

[A. MATULYAVICHUS, general director, Vilnius "Neringa" Association]: You said that the "General Principles" are not sufficiently radical. What in your opinion should be done to make the economy effective?

[L. KRYUKOV]: Given the present economic mechanism and the extremely negative phenomena—the supermonopolized structure, inflation, the imbalance,

and shortages, no matter how ideal the "General Principles" might be, they will not become a magic wand. The transition to regional self-financing must also be accompanied by other far-reaching economic reforms.

We also proceed from the premise that all our economic reforms in general and the success of all our efforts are decided not in offices but in the primary link, at the enterprises, where the initiative will be unleashed

[S. DAVLYATSHIN, head, Department of Socioeconomic and Legal Research, All-Union Scientific Research Institute of Social Insurance, All-Union Central Council of Trade Unions (Kazan); candidate of economic sciences]: The "General Principles" propose a unified conception of republic economic accountability without regard to local conditions and the degree of readiness of various regions. It seems to me that we should make it possible to try out different variants in practice. If the Baltic republics consider it necessary to go further, I think they should be given the opportunity to do so. If their experiment produces a negative result, this will have scientific, methodological, and practical significance for other regions since they will obviously make the transition to republic economic accountability later and will take their mistakes into account. After all, virtually all economic experiments in the past were conducted without alternate variants.

We also believe that economic sovereignty, as the basis of economic normalization, is needed not only by the republic but by the oblast and city as well.

[U. ZMENELIS, department chief, LaSSR Gosplan]: Latvia has already begun preparing to implement the "General Principles." Even though this document has not yet been approved, but we think that it will not be any worse after the discussion. What positive features do we see even now? Clearly, the republic, cities, and rayons will have more independence. As regards the transfer of enterprises from union jurisdiction to republic jurisdiction, this is what I have to say: I am opposed to equating union bureaucracy with republic bureaucracy. The republic bureaucracy is, after all, closer to the needs of the population of a given region and it is easier to oversee its actions. Nevertheless, we consider the creation of organizations and enterprises that are not subordinate to any department to be a still more radical step.

It is difficult to agree with the proposal in section III of the "General Principles" that enterprises under republic jurisdiction shall pay profit withholdings according to one norm while union enterprises shall pay profit withholdings under another norm. We therefore support the system that is proposed by our Estonian colleagues: that transactions with the union budget be carried out in a single channel.

Much has been said here about a republic currency. I realize that this will not happen in the first stage. But this is what I would like everyone to think about: the economic interests of a republic's population require a certain measure of protection. Last year, 480 million rubles' worth of goods more were shipped out of Latvia than our population imported into our republic. In general it could be said that the money stays in the republic. But what does our Gosbank do with this money? It packages it up and ships it to Moscow where USSR Gosbank distributes it to the regions from which the money comes. If the ruble were even nearly convertible, if we could freely use this money to buy the corresponding goods, resources, and foreign currency, the question would not even arise.

[I. TSINKUS, deputy general director, Riga "Sarkanays kvadrats" Association]: As regards jurisdiction to a union or republic organ, in the general scheme of things, this is not so very important. Something else is important. Our association ships approximately 85 percent of its output outside Latvia. About four percent of our total income remains in the republic. Plus...2000 tons of waste material and other problems. Ideally the enterprise should not be subordinate to either the republic or the union. It should be economically independent and work for the market according to economic laws. I refer to enterprises that produce consumer goods.

[K. ANTANAVICHUS, department head, Economics Institute, LiSSR Academy of Sciences; doctor of economic sciences]: What are the reasons behind our economic nonsense? The fact that money does not work, that there is no normal market...I would not very much like to emphasize, as Professor Uosis does, that we need economic changes for sovereignty. I am firmly convinced that all economic changes in our conception—free price formation, market relations, the abolition of the existing planning system, etc.—are required so that the economy would begin to function normally. We proceed from the premise that economic freedom is granted to any unit: cooperative, enterprise, information center. You pay your taxes and everything else is yours.

We say: everything for man. Let him work for himself at the enterprise, in the rayon. We have regions where the air is very polluted by chemical plants. This is the right of those who live there to sell their health and the health of their children. But then life in this region must be 5, 10, or 20 times richer than others.

[N. DANILOV]: I represent a suffering city in the Urals. There are more effluents from the enterprises in our city with a population of half a million people than in all Estonia. There is not even any need to speak about the level of morbidity. Of late, we have been shaken by ecological meetings. The city's social and ecological problems are solved very slowly despite the fact that Nizhniy Tagil enterprises pay more taxes than some republics. And considering the fact that any extra kopeck



is taken away from our budget, we decided to create the regional interbranch association (TMO: *territorialnoye mezhotraslevoye ob'yedineniye*).

Our basic principles are such: it is not the replacement of the dictatorship of the department by the dictatorship of the "region"; rather it is economic dialog. Twenty-five thousand rubles a year from an enterprise for a workplace; approximately 700 rubles per person. The funds are used to strengthen the social infrastructure.

We have also created a nonbudget fund. This is something like the city's savings passbook: the fund for the development of municipal services. We make it up on a contractual basis. Everyone needs good roads. An enterprise and the TMO conclude a contract on joint actions. The enterprise contributes money and I am responsible for seeing to it that it is used for its intended purpose.

We believe that the TMO is the basis of the economic mechanism of urban development. And after all, to me, as a *gorispolkom* official, it is all the same to whom people bow: the USSR Council of Ministers or the republic council of ministers. The city must have its own money.

What frightens me about the transition to the new economic mechanism of regional development is the system of price formation. It is hopelessly involved. There is no making head nor tail of the interbranch balances. And how should one compile interrepublic balances. Will we not have a falling out?

Question: Does your TMO require economic accountability for all Sverdlovsk Oblast?

[N. DANILOV]: We have 44 cities in our oblast. Are we 44 proprietors or 44 petitioners? I am in favor of 44 proprietors. But of course there must be coordination at the oblast level.

[V. GRIGORYEV, general director, Kazan "Rezinotekhnika" Association]: Regional economic accountability must be established on a good scientific basis. Or else we will be converted to so-called full economic accountability at one fell swoop. We collected, we indicated; there was no discussion, no preliminary study. As a result, nothing was improved. Only the signs were changed.

There has been discussion here of voluntary association. I would not like to form an association with a kindred enterprise—this will only intensify the concentration. I would prefer to form an association with a machine building plant, with a construction organization, with science, even with a *sovkhoz*—anything to feed the people...

[G. YASKELYAVICHUS, general director, Utenskiy Soft Drink Plant (Lithuania)]: We produce 40 million rubles' worth of products a year, but after taxes and

standard withholdings we are left with 500,000 rubles. What can one do for the collective with this amount of money? We started operating on a lease basis so as to untie our hands and free ourselves of administrative pressure. In the very first month, we overfulfilled our plan by 25 percent. People work better when they know that they will receive the money they have earned.

Question: If you are going to have economic independence, what kind of economic accountability is better for you—republic or city?

[G. YASKELYAVICHUS]: The most important thing is: plant! But in order that money earned does not become cheaper, republic economic accountability is needed.

[P. TREYER, general director, Tallin "Talleks" Association]: The republic itself must regulate the size of the withholdings, otherwise manpower will migrate from one enterprise to another. Today there is already "raskulachivaniye" [dispossession of kulaks] at large union enterprises because the "brains" are moving to cooperatives and small enterprises because they have an entirely different basis for pay.

In our view, we cannot have a Law on the State Enterprise and a Law on Cooperatives at the same time. There is need for a legislative act that would place everyone under the same conditions. That is when all-out competition would begin.

In order to make "Talleks" workers more interested in the result of their work, we decided to introduce credit cards at the plant. A person will not try to do better work if he knows that there is nothing he can buy with the 400 rubles he has earned "Talleks." It will evidently not be possible to introduce republic money, but it is easy to adopt credit cards immediately. A person is allowed to transfer 50 percent of his pay, for example, to a card. And he knows that he will be able to buy scarce goods for all 200 rubles.

[S. UOSIS]: Where will the credit card goods be obtained if they cannot be purchased for rubles? This means that there will be a covert source of supply. And where will goods to buy with the remaining 50 percent come from?

[P. TREYER]: A person can travel to Vilnius, Riga, Leningrad.

Rejoinder: But cards may also come into use there.

[N. DANILOV]: When I go home from here my countrymen will ask me what was offered at this roundtable. I will reply: there were proposals to introduce electronic money and special shops. And what about us? Our stores do not even have what you have in the Baltic republics. This is also real regional differentiation. We have a powerful chemical industry and ferrous metallurgy. Can we renounce them the way the Baltic republics are renouncing ecological harmful production facilities?

They are the basic branches of the country's entire economy! We cannot get away from this. We carry this cross. And you propose placing some kind of screens in front of us.

[A. CHUPLINSKAS, general director, Lithuanian "Sigma" Production Association]: I agree that enterprises should be without departmental subordination and should have full freedom of planning. But even now collectives have been given many rights. We, for example, are developing a program for promoting interest in better work. Thus we are planning to give all workers 24 days of paid leave. Of course, this will require higher labor productivity, additional goods and more profits. We are planning to expand benefits for women: to grant longer child-care leave, to raise pensions. We are planning to give veterans 18,000 rubles severance pay and to grant loans to young people. We estimate that such a program would help us to raise labor productivity 2-2.5-fold and to raise pay 1.5-fold in 3 years.

Question: Are you opposed to swapping the "yoke" of a union department for a republic "yoke?"

[A. CHUPLINSKAS]: Yes I am. We are convinced that this will accomplish nothing.

[L. YANKAUSKAS, general director, Lithuanian "Banga" Production Association]: I also believe that no kind of ministry is needed to manage an enterprise. We must obey the Law on the State Enterprise. And we must see to it that this law is in effect. We must make the transition to direct ties in material supply and in the sale of finished goods. A "third person" is a hindrance rather than a help. But we are not entirely ready to make the transition to direct ties: there is not conscientiousness and there is need for a legal guarantee of these ties under republic economic accountability.

Republic light industry receives 72-74 million rubles' worth of materials in hard currency and sells only 3 million rubles' worth in exports. And when it passes to republic jurisdiction, who will give these 74 million? Such a situation is also characteristic of other branches. And when the republic makes the transition to regional economic accountability, these problems must be resolved.

Another point. No one is calculating the local budget. We have already been assigned a norm: 10 percent of the profits go to the local budget. Will a city obtain the funds it needs when it receives withholdings from all enterprises. No one is calculating this today.

I was pleased to hear about the specific actions of people in Nizhniy Tagil: people are striving to obtain their due under the present system. If course, it is easier to shout: there are no rights, there is nothing, everything leads to zero. But we in the collective have set ourselves the task of resolving all social problems: providing people with housing, medical care, rest and recreation, food, and

semifabricates. Even though no one ordered us, we ourselves build a hothouse valued at two million rubles. We provided foreign currency to buy vegetable-growing technology abroad for another hothouse.

I also want to express my opinion as to whether we are moving too fast in making the transition to republic cost accounting. We have concluded a contract with a Danish firm to teach us management skills. Their curriculum includes the following example. You have decided to eat an elephant. But how do you go about it? All at once? It won't work. You have to eat a piece 3 times a day and in 5 years there will be no elephant. This is what I am in favor of: realistic timetables without undue, rash haste.

[S. UOSIS]: Many directors take a narrow view of this problem. Their plant must have more funds in order to build a swimming pool and housing. This is a natural economy. Departmental housing is a vestige of the feudal system. We must get rid of this and housing must become a commodity.

More. There is notable pressure of technocratic thinking and a lack of economic thinking. If we manage the national economy like a plant, there will be no perestroika. If our economic accountability is just as operational as production, who among us will put everything together. How will we free ourselves of imbalance, of disproportions?

[V. PAVLOVA]: Under regional economic accountability, it is first of all important to coordinate interrelations between the primary economic link—the enterprise and lowest organ of power—the rayon or city soviet.

I too am not satisfied with all the points in the "General Provisions." Thus, this document envisages a share of withholdings from payments for productive capital and from profit taxes that is uniform for all union republics. But after all, the per capita difference in the industrial production is enormous—as much as 3.5-fold and this means that funds received by republic budgets will also fluctuate within the same proportions. Central Asian republics, where the level of per capita consumption is one-half the all-union average, will be in the most difficult situation. Kazakhstan and Azerbaijan (whose level is about 70 percent of the all-union level) will be in almost the same situation.

The standard norm will also negatively affect the situation in regions with cost-increasing factors: remoteness, wage coefficients and increments. And housing construction, let us say, in the Far North and Far East costs several times more. Obviously, local organs will try to compensate these expenditures with higher payments for labor and natural resources. And this can lead to a certain curtailment of individual types of production and to the violation of the principle of uniform distribution of the productive forces throughout the nation,

which is especially fraught [?] for such a republic as the RSFSR. A union republic must also have the right to differentiate these norms on its territory.

I also believe that the elephant must be eaten over a five-year period. The economic mechanism is so complex that you can't change it overnight.

**Opinions expressed at our roundtable about the "General Principles," about ways of restructuring the economic and social sphere in union republics vary greatly and in some cases are diametrically opposed. This is understandable: it is a complex problem requiring a reasoned approach and the present "starting" positions of the republics are unequal.**

We will continue the discussion of the draft of the "General Principles" and we invite the readers to take a constructive part in the discussion.

#### **Economic Autonomy At Rayon Level To Serve Local Needs**

18200275 Moscow MOSKOVSKAYA PRAVDA in Russian 22 Feb 89 p 3

[A. Balitskaya interviews Lyublin raykom first secretary V. Ivanov: "The Rayon Opens Its Books"; first three paragraphs are introduction]

[Text] At the city party conference, we had no difficulty hearing the voices that discussed implementing rayon-level khozraschet. The Lyublin representatives of the CPSU rayon organization were well prepared for the discussion, and had a detailed program with them when they arrived. It is this program that will be the topic of our discussion today with raykom first secretary V. Ivanov.

I would like to add that Vladimir Leonidovich Ivanov is one of the youngest first secretaries of the CPSU raykom, both in terms of his age (he is 42) and the time he has held the job (six months). He has never done "only" party work. He started as a master at the AZLK [Lenin Komsomol Automobile Plant], which he left after becoming the plant assistant deputy director and chairman of the Lyublin rayispolkom.

Khozraschet and self-financing are matters of special concern for the Lyublin raykom. And even though Ivanov is serious when he says the main job of the raykom is to stay out of the way of enterprises, raykom help (in the form of comparative analysis, sharing experience, and "round tables," etc.) is absolutely essential to their success. First Secretary Ivanov has had this attitude since he headed the Kineshemskiy Avtoagregat Plant, which is part of the Moskvich Association. And he has not forgotten the times when the gorkom called him on the carpet, or when headstrong solutions to economic problems were employed. All his life he has been hard on himself, an attitude which would have kept him from

accepting the job of first secretary just a few years ago: he would have stood out too much. But now circumstances alone have combined to put him in his current post.

[Balitskaya]: Vladimir Leonidovich, I would like to start by asking your opinion of what the main objective—or if you prefer, orientation—of rayon-level khozraschet is.

[Ivanov]: Khozraschet will permit us to make the rayon's socio-economic advancement directly dependent on the economic performance of workers. That is, the better workers do their job, the richer the rayon will be. When we have large amounts of money under our immediate control, we will be able to spend it in ways that are more beneficial to the people than the current centrally planned system can. The reason for this is that central planners cannot always see what is needed or important below them on the rayon level. I strongly believe the optimum formulation of plans and disposition of a budget are possible only at a local level. It is time for us to reject the former system which required better-off enterprises to sponsor and "support" schools, kindergartens, and like organizations (even though there is already a law prohibiting such sponsorship). Once the rayon sets its own priorities, it can and should free these organizations from the vagaries of fortune. They should not have to worry about finding a sponsor with a fat purse.

[Balitskaya]: But what if we look at this issue from the point of view of the sponsors; that is, the enterprises themselves. Right now, they give money (money earned by them) directly to schools, for example, while the plan is for them to continue providing the schools with money, but through taxes paid to the rayon, which will then allocate funds from its budget. How does this benefit the enterprises, and what incentive do they have to be involved in it?

[Ivanov]: What we have done is propose—and this has been set down in party conference resolutions—that 30 percent of the excess profit be left in the rayon. Under current regulations, this money is given to organizations at the soyuz, ministerial, and other levels. In other words, the rayon ends up getting peanuts, somewhere around a tenth of a percent. And it makes no difference whether an enterprise is doing a great job or a lousy one. For example, last year the AZLK cut its output of cars. So because they were in the process of installing new equipment, they were granted an exception and freed from all taxes. But this is not the main issue. The question is how this affected the financial posture of the rayon. The answer is that it did not. And I want to stress that the effect was negligible despite a sharp drop in output. As a rule, the AZLK puts about eight million rubles in excess profit into the rayon. About four million comes from the petroleum plant. For the rayon as a whole, a figure of about 20 million rubles is realistic.

Khozraschet organizations (and there were about 20 of these operating under the new management system in 1988) have a productivity growth rate that is 8.5 percent

higher than the average for the rayon. Thanks to khozraschet, organizations like GosNIIkhlorproyekt [State Research Institute For Chlorine] sales under contract grew by a factor of 11, from 800,000 to nine million rubles. So we can count on their excess profit level continuing to grow steadily. And if 30 percent of that remains in the rayon, we will be able to alleviate problems in providing many social and community services. And there is one more thing. We can have enterprises leave some (also about 30 percent) of what they produce over their quotas in the rayon, regardless of the department [vedomstvo] they belong to. I am referring to both consumer and other goods. These are our plans for the rayon. As you are aware, there is still no official "methodology."

[Balitskaya]: Vladimir Leonidovich, you still have not answered my question about how enterprises will benefit from rayon-level khozraschet. But based on what you have just told me, I would formulate the question a little differently. Any excess profit is going to be taken in taxes anyway, so there is no reason people would feel any vested interest in it in the first place.

[Ivanov]: I disagree. Currently, the rayon has 60 or 65 percent of the clinics it should have, and in 1995 will have 70 percent of the required number. And while we have 92-95 percent of the educational facilities we need, certain neighborhoods are experiencing a serious shortage in this area. For example, children in Marina attend school in three shifts. The city is building "relentlessly," looking for every possible site on which to put housing and thus compounding the already difficult situation with schools. The gorplan [city planning agency] determines—in conjunction, of course, with the appropriate higher authorities—how the rayon's public education system will be developed. There is a different organization that deals with health care, while the public services and road maintenance agency operates in accordance with its own considerations. And we never see the money allocated to us; it goes to these organizations. If we were financially independent, we could concentrate our resources on a single problem; for example, we could take care of public education in short order. At the same time, we would incorporate all projects into the assignments of repair and construction trusts and construction agencies.

When I cite public education as an example, I do not mean it as some kind of abstract example. Education is one of the three priorities in our rayon. The other two are health care and trade. There is no way enterprises can remain apathetic about these matters. After all, the people they employ not only work here, they (or many of them, in any case) also live here. And even if they are registered as residents of different places, they still shop here when they get off work or on weekends. The things they need are here or nearby, so they have an interest in the growth and improvement of trade in the rayon.

Centralized construction and allocation of housing make sense and would not change under rayon-level khozraschet. However, the rayon would have a solid budget, and would thus be able to contract for construction on its own. For example, suppose we needed a clinic in a city that could not afford to build one. We would "rifle the contents" of our excess profit fund and allocate whatever money was needed over the amount the gorplan was able to provide. Jointly we would seek out opportunities and resources. We would sell excess inventory and slow-moving items faster and avoid ordering and paying for more than we could sell. In short, we would do everything in our power to maximize excess profit. An effort in this direction is already underway, since it is needed anyway, and since we are well aware that it is a government matter and that we are therefore responsible for it. But under khozraschet, both the ispolkom and the raykom have to become involved in solving the problem, if I may put it in this way. This is a factor, and a rather major one.

[Balitskaya]: You keep mentioning excess profit. Are all the rayon's enterprises strong enough to produce excess profit?

[Ivanov]: Not all of them. Unfortunately, we also have enterprises whose losses are part of their Plan. As you can well imagine, the CPSU raykom is looking very closely at getting rid of these. But the sad part is that not everything depends on these enterprises, or on us either. Let me bring in Mosmekhtsemelevator as a typical example. The mark-up on a ton of cement is 60 kopeks, a rate that was set in 1956 and has not changed since. Yet at similar enterprises in the industry, this figure varies, fluctuating between two and three rubles. The Goskomtsen [State Price Committee] refuses to review the issue of setting a socially just mark-up without the agreement of the Mosstroykomitet [Moscow Construction Committee], while the latter, which is, to put it bluntly, guided purely by its own interests, does not support Mosmekhtsemelevator's request.

[Balitskaya]: Another question. As I understand it, you have already asked the MGK [Moscow City Committee] of the CPSU and the Mossovet ispolkom to give the rayon khozraschet status (MOSKOVSKAYA PRAVDA wrote about a similar request made by Sevastopol Rayon) and defended your request. Without waiting for a decision, have you already embarked on any course of action within the framework of the rights you currently possess?

[Ivanov]: We were the first to create a rayon-wide interbranch industrial and technical agency within the city. This agency acts as an intermediary providing the raysovet with its revenues. To help with the conversion to rayon-level khozraschet, we have changed the structure of the ispolkom. We created a socio-economic development department whose job will be coordinating all industrial activity. We also want to introduce a new position: a deputy chairman (that is, a second first



deputy chairman) for economics. It looks simple enough. We are not asking for anything and plan to use our own money from our own wage fund to pay for the position. But the Mosgorispolkom is dragging out its decision.

We are intensifying the rayon Plan and selecting the personnel to help with the task. But the most important thing is the rayon-wide interbranch industrial and technical agency I mentioned earlier. The rayon soviet has already opened an account into which excess profit monies from an enterprise have been placed. In addition, this account receives a set percentage of the profit from cooperatives' business activity, as well as the rent they pay.

We recently held a passenger car auction. Your paper wrote about it in considerable detail. That auction raised the balance in the rayon's bank account by 70,000 rubles.

[Baitskaya]: You called it "our" account. To a certain extent, that is symbolic. It reminds me of all those standardized formulas like: "We must live within our means," "We must utilize precise economic criteria," and "No more approximations, levelling, or semi-abstract statistics." The idea behind them is to put people's enthusiasm on solid material ground. So do you plan to stop writing off your industrial "sins" and instead reflect their real magnitude in your accounting records?

[Ivanov]: Yes. And most importantly, we will be able to implement our specific plans for the rayon's socio-economic development in 1990, this year, tomorrow, and even today, and not at some undefined date in the future. We desperately need khozraschet in order to do so.

#### Potential of Far East Free Enterprise Zones Discussed

18200211 Moscow PRAVDA in Russian 17 Feb 89 p 5

[Article by A. Krushinskiy, A. Shabashkevich: "A Special Zone"]

[Text] Once, a well-to-do Japanese businessman visited Nakhodka. His delighted hosts showed him the city and its environs, and arranged for him to go hunting in the maritime forests. The Japanese man was satisfied. However, being accustomed to paying for services, he placed a check in round numbers on the desk of the chairman of the gorispolkom.

"It was something to see, the way they batted that check back and forth," said Nakhodka gorkom first secretary Yu. Merinov.

The Japanese was bewildered. He probably would have accepted free of charge the generous hospitality of the Nakhodka dwellers if they had proposed several variants in addition: why should a well-to-do man waste money on loans to those who do not need them?

After his acquaintance with the maritime area, he hardly would have formed the opinion that this area is not in need of hard currency. Of course, quite the opposite is true. Upon familiarizing ourselves with the Long-range State Program for the Development of the Far Eastern Economic Zone through the year 2000, we were convinced of this. This is a ponderous document, assessing at several hundred billion rubles the funds allocated for creating new enterprises, transportation development, housing construction.

However, it seems that even if this document were really fulfilled, problems would remain for well-to-do guests from abroad: where to invest resources, where to find business partners, what to spend "free" money on. As if these were their problems. They are really ours, and there is no sense in proving it. Nevertheless, well-considered prognoses for varieties of international cooperation are lacking in the aforementioned document. Why?

#### Muse With a Sledgehammer

"In this sector, the program is weak and there is no strategy, no thought in it," says V. Moiseyenko, corresponding member of the USSR Academy of Sciences, director of the USSR Academy of Sciences Amur Complex Scientific Research Institute of the Far Eastern Oblast.

"But not here, in the Far East, where it was developed?" we asked.

"You see, stereotypes of limitations existed and we tried to walk away from these questions."

"The stereotypes of limitations"—a sturdy fence has been hammered together from these. Economics suffocated in the closed vacuum of space. Here, in the Far East, this is somewhat more apparent than anywhere else. We can worry about our remoteness from the external markets of the interior of the Russian republic, yet from Blagoveshchensk, the center of the Amur oblast, it is 400 meters to the Chinese city of Heihe; from Nakhodka, it is slightly more than 24 hours' walking distance to Japan. However, the geographic distance to the so-called "four Asian tigers" (South Korea, Hong Kong, Singapore and Taiwan) is for all intents and purposes not reflected in the region's life. While the "tigers" were set to leap, the Far East was still in the long-lasting All-Russian stagnation.

After all, everything had been different. At the turn of the century, trade had not been limited to consumer food products. The latest agricultural equipment and industrial equipment came into Amur Oblast in great quantity.

The "Porto-Franko" statute assisted trade: it freed foreign and domestic employers from customs levies. Trade representatives of a number of major firms, American

and European, were based in Blagoveshchensk. There were authoritative figures among the domestic employers. Churin was one legendary name. The stores which they built are real architectural masterpieces. They beautify Blagoveshchensk, Khabarovsk and Vladivostok. Churin turned up in Harbin after the revolution. On the front of the large department store (which had belonged to him at one time) are four enormous hieroglyphics: "Qiu-lin gong-si" ("Churin" Company).

The New Economic Policy of the early 1920's laid the foundation for border-zone cooperation and international collaboration. But then... The testimony of difficult times, when the cathedral walls were rent asunder, and the names of enterprising people capable of doing business fell onto the lists of enemies of the people, still remains today. Churin's former store is preserved in Blagoveshchensk. The facade is covered with figures of ancient gods. In the center is a muse without a lyre; they knocked it out of the beautiful maiden's hands. To replace it, a sledgehammer was placed in her right hand. Who was to be inspired by a muse with a sledgehammer? Those who were creating the mighty industrial potential of the nation here in the Far East? However, the trade employer people, the cooperative movement of inspiration were missing. And now it is quite obvious just how much the country lost because of that.

About 15 years ago, one of us managed to visit Beijing. The "Cultural Revolution" was already abating, however Sino-Soviet relations remained tense, and reciprocal trade volume, which had previously fallen to zero, was starting a slight upturn.

"Imagine, we managed to agree on the purchase of 100,000 tons of salt!" our trade representative announced with intonation fit for news of an unprecedented victory. Noticing his interlocutor's look of bewilderment, he added:

"This is extremely valuable for the Far Eastern fishing fleet: up to now, at the beginning of the fishing season, salt had to be brought in from the European areas of the USSR, and it was becoming as precious as gold...

To this day, millions of tons of all sorts of products provided by the Far Easterners—from machines and mechanisms to raw materials, semi-finished products and consumer goods—are becoming "golden" for the nation due to the exorbitant costs of transportation. Why transport to Blagoveshchensk shoddy fur vests from Uzbekistan or ugly shoes from Belorussia, when it might be better to procure analogous goods, at a lower price and of higher quality, on the other side of the Amur?

And that is not to mention the fact that our trade is in no condition to offer the Far Easterners computers, color televisions, or cotton fabrics of the sort seen recently at the Chinese exhibition in Blagoveshchensk.

### To The Center, From the Center

Recently, border-zone trade in the Far East has become very lively. It is felt, however, that this is in spite of, rather than because of, the current system of planning and departmentalization.

After all, it is absolutely the same to the command-administered system; whether it is the Moscow area or the border zone, the methods are the same—everything comes from the center and everything goes to the center.

Otherwise, how can it be comprehended that today, perhaps the greatest problem of the Far East is the labor shortage. There is no one to build housing, factories. And this right next to China, which is prepared to export comparatively cheap labor.

"Who could refuse such services?" Amur obispolkom deputy chairman V. Vetchinkin comiserated with us. "We could build so much. It's a misfortune that we can't pay for it. We're already at our limit, every penny accounted for."

Truly a poor little rich man. A fact: there are gold deposits in Amur Oblast. After all, the Chinese are not asking us for gold, just cooperation, getting cement, wood and fertilizer. There is a lot of this goodwill around here, but somehow it is all a bit alien. But the limits on international cooperation are not being let down...

"All political limits are handed down, so to say," and V. Moiseyenko set before us a sheaf of documents. "You see, the CPSU CC approved our initiative to create a science and technology center. The idea was, basic science, and then experienced, compatible enterprises with foreign firms. The trade firm is the last link in the chain. There is no such center in the world. And we ran up against a brick wall: again, limits—where to borrow, how to get through, can it be violated?..."

This time, the system of economics with blinders, which, as you will recall, could not accept the hard currency of a grateful Japanese, spurns Moiseyenko's idea.

Perhaps, all the same, our interlocutor was right: political resolutions were handed down, more precisely, all limits on the creation of joint enterprises, on the development of international cooperation were lifted. It was clear, that the country's economy had drifted away from being in a specialized state of the world economy.

We are out of phase, as they say, we live in a different rhythm. An episode we witnessed bears witness in this sense. A worker at USSR Gosstab persuaded an Italian who risked all his capital investing in a joint venture that he would have his orders filled only in one year's time. And this, pressed the worker, was "unheard of" speed for Gosstab.

The Italian was as uncomprehending as a martian:

"Why the application, where are the lines? I'm paying my own money for this. I give you hard currency for this, and you give me the machine. Within 2 years, the market will die and grow back twice..."

How can we get back on the beat?

One possible approach could be joint enterprise zones. It is an alluring prospect to replace the current inconvenient zone of expenditure economy with another, a zone of intensive management, of active international cooperation. It should be admitted, however, that the word "zone" in both cases provokes resistance. Incidentally, the international terminology could not take into specific consideration our allergy to this word.

"Essentially, we're speaking of territories where completely different processes will be in effect," explains P. Minakir, deputy director of the Institute of Economic Research, USSR Academy of Sciences, Far Eastern Oblast. "For example, import and export of goods unsubjected to customs duties. In short, all conditions must be met so that it is advantageous for enterprises to invest money in business. What do we get out of this? Advanced technology, an entrance into the international market, experience in modern management, and hard currency.

This sort of zone does indeed provide all this. In the first place, this is borne out by world economic practice, which does not belong only to a few nations. We had the chance to see such specialized economic territories in China. They give the impression of being a yardstick in the sense of production organization, arrangement of the infrastructure. Economically speaking, perhaps you could not call it perfect; the problems which appear are not shortcomings of the principle itself so much as traditions of the very non-zone economics under whose pressure this special sector is forced to exist.

#### Trump Cards

Conditions exist in the Far East for the organization of zones of free enterprise [ZSP]. The trump cards are its major ocean ports, its developed railroad network, and of course, enormous reserves of natural resources. If the eastern display case were widened only a bit, scientists would display rare technology. Transport workers would show a rare opportunity for people of neighboring countries to reach the center of Europe within 10-12 hours flying time.

As far as the production which will arise in the zones is concerned, then we speak of intense development of natural resources, which we trade in today in the form of natural raw material, that is to say, in bulk or stacked, not even sawing the logs into boards. We are too lazy to do that, even though we have cut down many thousands of hectares of taiga. Incidentally, products of intensely developed raw materials are goods beyond market competition.

In this vein of possibilities for the Maritime area, chairman of the USSR Academy of Sciences, Far Eastern Oblast, academician V. Ilichev told us:

"Our country controls a significant portion of the world's crab reserves. Until now, we ground their claws up for bone meal. However, nearby, in Japan and China, for a long time they have been deriving valuable products from these. Now, under our institute's auspices, a cooperative on Kamchatka has begun to do the same thing, but how much can one cooperative do..."

Thus, for example, a team of scientists has landed in Poset, representatives of the local authorities. In the Primorskiy CPSU Kraykom, they gave us a diagram with the territories of the future zones cross-hatched in red near Nakhodka and the border zone. In Blagovshchensk, Moiseyenko entrusted us with his deep thoughts on the unusual center, a sort of microzone. The "Impuls" group is active in Nakhodka; it is creating a new economic model of the city, taking into consideration external ties. In short, in places this idea is being "chewed over." Well, it is understandable; everybody wants to take risks.

"And still, to be honest, we don't want to rebuild the 'barn,'" P. Minakir told us. "We need a new house. And attracting foreign capital, joint ventures, is a way to create it. True, it's not the cheap way. Money must be invested. Infrastructure must be created: housing, hotels, roads..."

True, money must be invested. To what purpose, however, is important. It seems that the answer to this question should have been in the non-existent section of the Program for the Development of the Far East. What will be the nature of reconstructed industry: import or export? This is a moment of principle. For if the goal is set at creating production equal to a world level, and developing a sector of the mixed economy, then resources must really be invested in the establishment of special territories. But it should not end with them.

It seems to us that a joint enterprise zone cannot be a little economic island, existing not with, but despite objective laws outside the logic of the market. That is, the principle of zones is not a radical means. Even if they are planted chock-a-block.

#### Oases in the Desert

Do we really need oases in the desert? Science, technology and regulation require powerful impulse generators. But can they receive these impulses, fettered by departmentalized industry? It will immediately extinguish the effect of the zones, which is perhaps even more important to us than hard currency. Departmentalization shackles initiative. The state monopoly of property dissolves interest. Do we have to conduct experiments on this? It is enough to sum up a half-century's experience. Incidentally, life itself is doing that now. It is no accident that the strivings of the labor collectives to get

out from under the ministries are so manifest, the pull to associations, leases, cooperative forms of property. Would it not be sensible to legalize freedom of association? To give collectives the opportunity to transfer to khozraschet conditions with respect to the departments? There is one more problem: the calculations of the territories and enterprises which earn foreign currency. This is a radical moment in territorial khozraschet.

Otherwise, there is only half-sense in joint ventures, only slight advantages form international trade and cooperation.

"How can we respond to a business proposition," muses Yu. Merinov. "Foreigners come to us, as if to a well-off side, sizing up our possibilities. And in reality, nothing is our own. Even the hard currency we earn on our own initiative, for example, we mix different types of coal in the port, the state takes all of it. Where is the interest in earning it, to increase work, to think up something new? Figure it out, does the state need hard currency or not? Who is going to collaborate with firms, collectives of the Ministry of Finance, or the Ministry of the Maritime Fleet, and other ministries under these select conditions?"

Scientists in Khabarovsk, Blagoveshchensk and Vladivostok have their own special opinions on this subject, as we know. Party and economic leaders of the kraykoms and Amur Oblast are actively studying zones. We met with many of them, their ideas are not primitive, not home-grown. Yet it is completely obvious that the issue of setting up special zones, and developing border trade and joint ventures is not just a problem of making resolutions: to "affirm" or "prohibit." To our mind, this is a major and important phase of all radical reform. We may be least prepared for it. Perhaps this is because the majority of our citizens judge our foreign partners from television programs and newspapers. The law of supply and demand, by which the market lives, is as removed from our economic science as the London stock exchange from the Academy of Sciences.

But why must we invent the bicycle? After all, the practice of using experts and major international specialists in this or that issue is common throughout the world. This is how reforms were carried out in Japan and China in their day. Is it to our advantage to ignore that experience? Or, behind our fence, do we want to re-form the old expenditure economy we created? Is there any sense in that?

## RESOURCE UTILIZATION SUPPLY

### Japanese Specialist Notes Waste in USSR Ferrous Metal Industry

18200212 Moscow PRAVDA in Russian 17 Feb 89 p 5

[Article by V. Solntsev and A. Nesterov: "A Strange Situation"]

[Text] Tokyo, 16 (TASS correspondent for PRAVDA). The largest metallurgical power in the world, the Soviet Union, loses more than 30 percent of the smelted steel in

the production of hot rolled metal alone. The energy, which is essentially "thrown to the wind" in USSR ferrous metallurgy, exceeds in volume the output of eight Soviet atomic electric power stations. These figures were given in a lecture delivered here today by an eminent Japanese specialist who has been engaged in a study of the Soviet economy for a long time, the president of the Torey Scientific Research Institute, Tadao Morimoto. Figures from the Japanese Federation of Ferrous Metallurgy were also used in the paper.

In Morimoto's words, in 1986, for example, the USSR smelted approximately 160.5 million tons of steel while the production of hot rolled metal amounted to only about 112 million tons. The difference of 48.5 million tons is comparable in volume to the annual production of steel in the PRC. As compared to the 30.2-percent losses in one of the key branches of Soviet industry, which, in Morimoto's words, "shatter the foundations of the national economy," in the United States they amount to 18.4 percent, the FRG—9.4 percent, Japan—5.0 percent, and South Korea—1.0 percent. In spite of the fact that the Soviet Union smelted 62.2 million tons more steel than Japan did, the latter produced almost 2.5 times more cold rolled steel. Yet it is precisely the lack of structural cold rolled steel of the required quality that impedes, for example, the development of Soviet automotive construction and partially explains why in terms of the output of passenger cars the USSR lags behind Japan by a factor of 6.5. Japan not only satisfies its internal needs but also provides for exporting about one-third of the vehicles it produces.

Morimoto drew attention to a paradoxical situation: Japan purchased from the USSR and uses in certain modifications technology for continuous smelting of steel developed as early as the end of the 1950s that makes it possible to save a large quantity of resources. But the country that gave the world the most important innovation in the metallurgical industry in the postwar period in this same year of 1986 produced only 14 percent of its smelted steel this way, while Japan used this method to produce 92.7 percent, the FRG—84.6 percent, South Korea—71.1 percent, and the United States—53.4 percent. Many Western countries, including Japan, the FRG, and also South Korea, have completely eliminated the less effective and ecologically harmful blast furnace method, focusing on the oxygen converter and electric arc methods. But in the USSR more than half of the steel is smelted in blast furnaces as before, while such enterprises should be closed down and re-equipped.

The Soviet Union, continued the president of Torey, according to certain estimates, spends 62 percent more energy than Japan does on producing a ton of steel, and according to other estimates—87 percent more. Even according to the most modest calculations, the USSR wastes 442 trillion kilocalories of energy a year this way. If they could eliminate such gigantic losses in just one branch, than the USSR, for example, could refrain from



using atomic electric power stations altogether or could use these resources for expanding exports of energy raw material in order to obtain additional foreign currency revenues. This would lead to a reduction of the production cost of products of the processing industry and, consequently, to increased ability to compete, which, in turn, would make it possible for Soviet machine building to actively enter the world market.

Evaluating the causes of the situation that has developed, Morimoto expressed the opinion that it was apparently not the enterprise technologists who were to blame and not even the plant directors, but the drive for gross output of products over many long years. The change-over of the Soviet economy to the basis of intensive development will mean a savings of a colossal quality of resources, the more so since petroleum, coal, and iron ore are essentially the property of all mankind and should be preserved for future generations. A large

negative role is also played by the system of departmental obstacles and barriers and the lack of coordination of fundamental and applied research into a unified whole.

Tadao Morimoto emphasized the immense international significance of restructuring in the USSR. In his words, its successful implementation would not only guarantee the survival of mankind as a result of progress in the area of disarmament, a policy that is being actively pursued by the Soviet leadership, but would also have an immense economic effect. The release of about 900 million dollars which are annually spent in the world for military purposes would make it possible to use this money for improving the well-being of the people, developing the infrastructure, rendering assistance to developing countries, and solving other extremely important socioeconomic problems. "The USSR is winning an extremely large number of gold medals at the Olympics. I should like to wish them the same number of gold medals in restructuring," said the Japanese economist.

## AGRO-ECONOMICS, POLICY, ORGANIZATION

### Akulinin Discusses Supreme Soviet and Council of Ministers' Actions on Leasing

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in Russian No 3, Feb 89 p 2

[Interview with V.I. Akulinin, deputy administrator of affairs, USSR Council of Ministers, chief, Department of Agro-Industrial Sectors, by Ye. Sosnin: "May You Be Successful, Leaseholder!"]

[Text] A few days ago an ukase entitled "On Leasing and Leasing Relations in the USSR" was published by the Presidium of the USSR Supreme Soviet. The USSR Council of Ministers adopted a decree entitled "On the Economic and Organizational Foundations of Leasing Relations in the USSR." Our interviewee—V.I. Akulinin, deputy administrator of affairs, USSR Council of Ministers and chief, Department of Agro-Industrial Sectors—comments below on these documents.

[Ye. Sosnin] The radical turnabout in agrarian policy, as outlined by the March (1989) Plenum of the CPSU Central Committee, provides for massive shifts in economic relations and serious changes in economic management methods in the rural areas. Why is such heightened attention being accorded to the introduction of leasing?

[V.I. Akulinin] First of all, it must be emphasized that in all countries leasing is a highly effective form of farm management. In the United States, for example, two-thirds of the lands have been turned over to partial or full leasing. In Great Britain and Australia leasing relations encompass more than one-third of the farmsteads. In these countries they occupy about 40 percent of the area used for agriculture. The leasing form of farm management has become widespread in the socialist countries—in Hungary, Poland, Romania, and Yugoslavia.

The experience of the People's Republic of China is of particular interest. Here practically everyone who is engaged in agricultural production is connected, to a certain extent, with leasing relations. It is specifically this which, to a decisive degree, has facilitated a sharp increase in the production of food items.

The high efficiency of leasing has also been confirmed in our own country's practical experience. I'd like to remind you that one of the most important elements of the NEP [New Economic Policy], which was developed during the 1920's upon V.I. Lenin's initiative, comprised the leasing relations introduced by the law on the labor use of land. It was approved in May 1922. In accordance with this law, the transfer of land for leasing was allowed in exchange for payments in money or in products.

This and other measures played a large role in restoring the agriculture which had been devastated during the period of the Civil War. Due to the development of the peasants' independent activity and their acceptance of the new forms of farm management, the supply of food to the population was improved substantially within a brief period of time. By 1928, as compared with 1920, meat production increased 2.2-fold, while that of milk rose by a factor of 1.8. The total grain harvest increased from 45 million tons to 73 million tons, while that of potatoes rose from 23 million to 46 million tons.

However, at the end of the 1920's leasing was prohibited. Solid collectivization was begun, during the course of which, as you know, gross errors and distortions were permitted. From year to year the peasant lost interest in his own labor productivity.

The analysis which our government conducted has convincingly shown that we need to revise our former views on economic relations in the rural areas. The necessity for making changes is caused by the fact that the measures previously adopted for increasing the efficiency of agricultural production have not furnished the desired result.

The general economic situation in the rural areas is well known. Today its dramatic nature consists not only of the fact that many farms have a low harvest, low livestock productivity, and are essentially incapable of carrying out expanded reproduction. In certain regions of the country the rural villages are witnessing quite complex and, in a number of instances, even irreversible processes. Nobody can remain indifferent to the fact that in the very heart of the country—in the Russian Non-Chernozem Zone—thousands of villages and millions of hectares of agricultural lands have fallen into a state of neglect.

But this is still not everything. On many farms there is no longer anyone left to do the work, and the principal mass of the population consists of pensioners. And causing particular alarm is the fact that there has come about a characteristic degradation of the moral foundations, a loss of those peasant principles which have evolved over the centuries. The finale of all these processes is to be seen on the half-empty shelves of our food stores. And the crisis situation with regard to food has become one of the serious obstacles on the path to perestroika.

The situation which evolved, and this was convincingly mentioned at the March (1989) Plenum of the CPSU Central Committee, has given rise to the development of a new agrarian policy, a determined transition to leasing relations as a progressive form of socialist farm management, one which most fully meets the demands of harmoniously combining the interests of citizens, enterprises, and the society as a whole.

[Ye. Sosnin] Viktor Ivanovich, you know, of course, there was a time when our political-economic science rejected leasing relations. How did we evolve to the point where we have now recognized this form of farm management?

[V.I. Akulinin] That's a complicated question. Indeed, for many long years a certain stereotyped kind of thinking evolved with regard to leasing. To a large extent, this was conditioned by the fact that the interests of the individual were undervalued.

If we are to speak about agriculture, the main emphasis here was placed on the mechanism of compulsion. A destructive role in this matter was also played by the unfounded abrogation during the 1930's of the progressive statutes on leasing land. All this was subsequently exacerbated by the adoption of a whole series of administrative acts directed against privately owned, auxiliary farms.

Here are several lines from one document which was published during the 1930's: "Any attempt to curtail the publicly owned lands of kolkhozes and sovkhozes in favor of auxiliary farms privately owned by kolkhoz members, as well as any kind of increase of the farmstead plots...will be regarded as a criminal act, and the guilty parties will be subject to being brought to a court trial." And further along: "...secretaries of party raykoms, chairmen of the rayispolkoms, and others...who permit the squandering of public lands...will be subject to removal from their posts, expulsion from the party, and being taken to court."

Here is the origin of the roots of the distortion of the Leninist policy on the peasant question. At the end of the 1950's and the beginning of the 1960's a number of scientists and practitioners posed the question of reviving the lease system in the rural areas. But they did not obtain support. And even in 1982, when the Food Program was being worked out, one of its variants contained the principles of leasing relations. In particular, it was proposed that we give over for leasing those land plots earmarked for growing vegetables, fruit, and berries, items in which the country is still in acutely short supply to this very day. But, unfortunately, even then we did not proceed to do this. And, indeed, it was difficult to expect any other outcome inasmuch as many scientists occupying the leading positions in science regarded leasing relations as phenomena alien to socialism. Now you can imagine what a sharp turn had to be made in order to rethink many theoretical positions and to exhibit determination and boldness in this matter.

Before proceeding to today's views of leasing and leasing relations in the sense in which they are set forth in the ukase of the Presidium of the USSR Supreme Soviet, we need to scrupulously seek out and study everything new and rational which emerged in the first few collectives engaged in intensive labor and contractual forms of production organization. It was precisely they which

bore within themselves the prototype of leasing relations. Favorable soil for their development was obtained by these forms after April 1985, when economic-management methods became more and more the norm of our life. These were real steps in the cause of implementing the Leninist idea of actively including personal interests in production, of returning to a human being the feeling of being a master, and of stimulating his creative capabilities. The ukase on leasing relations has placed a firm legal, economic, and social foundation under this.

[Ye. Sosnin] Yes, at the present time leasing relations have been legalized by the appropriate ukase of the Presidium of the USSR Supreme Soviet. But it would be interesting to know what kind of work preceded this in the government.

[V.I. Akulinin] As work proceeded more deeply in the USSR Council of Ministers on the Draft Law on Cooperatives in the USSR, it became increasingly obvious that, with its adoption, fundamentally new possibilities are opening up for utilizing cooperative principles in tandem with leasing relations. But what did we encounter at that point in time?

It was necessary to overcome the stereotyped view of the property relationship, to think profoundly about the place and role of leasing in the socialist system of farm management. Because, of course, many questions had arisen. For example, what legal and economic status should a labor collective have which has leased certain types of equipment, an enterprise as a whole, or lands suitable for agriculture? To whom should the newly created fixed capital belong? And the most important thing, perhaps, was that we had to find such legal and economic norms as would ensure the most effective discovery of the possibilities of the socialist system and, at the same time, not create the conditions for private-ownership enterprise and speculation.

During the preparation of the document different variants and possible tendencies in the social and economic development of society "lost out." There was a broad-based exchange of opinions among scientists and practitioners. The published items and speeches in the mass media were studied intently. And even that which initially had seemed optimal was quite often rejected subsequently.

For example, the first intention had been to work out two documents: one concerning leasing relations in agriculture and the other—in industry and other spheres of the economy. A subsequent study showed that it would be unfeasible to do this. Even within the limits of the agrarian sector tens of thousands of interrelated, diverse enterprises are functioning—kolkhozes, sovkhozes, transport, construction, repair, and other enterprises. Many points of view were thoroughly analyzed. Based on this, people came to the conclusion that we needed a single, integrated act.

Or take another example. The ukase provides that the leaseholder must make a leasing fee for the producer goods allotted to him for use, including the land. However, there was also another point of view, one which would have allowed the transfer of land for non-reimbursible use. And, at first glance, such a proposal presented some interest, particularly in cases where it was a matter of sections which are poorly suited for cultivation. But, after weighing all the "pros" and "cons," they came to the conclusion that the non-reimbursible transfer of land could exacerbate mismanagement in its use.

At the same time, the government-approved "Statute on Economic and Organizational Foundations of Leasing Relations in the USSR" registered the fact that, in order to heighten the motivation of leaseholders to economically assimilate low-productive lands, the leaseholder can transfer them on privileged conditions. The practical experience of life will show us how this works out.

As a whole, this document had a difficult, complicated birth. Suffice it to say that on several occasions drafts were discussed in the USSR Council of Ministers with the participation of directors of the country's foremost scientific-research institutions, leasing collectives, and individual leaseholders.

Of exceptional importance in working out new approaches to leasing were the meetings and conferences held in the party's Central Committee to deal with these problems. And each time the remarks stated were examined in a multifaceted manner, and where necessary, appropriate corrections were introduced prior to the documents being brought up at the March Plenum of the CPSU Central Committee.

[Ye. Sosnin] Now a collective of a state enterprise has the right to form an organization of leaseholders. Such an approach has already justified itself recently at several industrial, construction, and even agrarian enterprises. But these were pioneers in setting up leasing relations. Moreover, they often proceeded according to the principle of trial and error. What new is being introduced by the ukase on leasing?

[V.I. Akulinin] Here we must note three important factors. First—a fundamentally new form of farm management is being created in the form of an organization of leaseholders. What conditions brought this about? As you know, a labor collective is not a person in the eyes of the law and cannot enter into relations of property ownership. In this connection, when the document was being prepared, the following question arose: Just who can be a leaseholder, especially under the conditions whereby an enterprise is transferred whole?

And such a form was found in the form of an organization of leaseholders. What is understood by this? A labor collective of a state enterprise, which has expressed a desire to lease it, creates an organization of leaseholders. Solely in that case does it find the right to be a person in

the eyes of the law [de jure]. This is a qualitatively new form of property ownership. That is, the state, being the owner of the producer goods, transfers them to be used by the organization of leaseholders on the principles of leasing.

Under the administrative-command method of leadership the direct administration of production was essentially in the hands of the state apparatus. As a rule, the higher-ranking organizations strictly regulated the activity of the enterprises: what should be done and how it should be done. And herein lay the great defect of farm-management practice. This "Gordian knot" is cut asunder in the organization of leaseholders. It operates in accordance with its charter on the principles of full cost accounting, self-financing, and self-government.

The second factor—if you were paying attention—in the leasing form of organizing production as economic tools or relations with the state is performed solely by leasing fees and taxes. In everything else the organization is fully independent. The leasing contract is a unique document which is equally binding for the organization of leaseholders and for the state.

And finally, in years past, as practical experience has shown, many economic innovations have turned out to be non-viable. Overgrown with all manner of instructions, their positive principles have, in the final analysis, boiled down to nothing. When preparing the legislative documents on leasing, this circumstance was taken into consideration. Everything was done to ensure their long-term nature. For example, it was provided that the leasing of land, buildings, facilities, and other property should be, as a rule, for a period ranging from 5 to 50 years and, in certain cases, for an even longer period. Moreover, upon the expiration of the contract term, the leaseholder shall be offered the first right to renew it. And, what is particularly important, the leaseholder's right can be handed down to his heirs. All this attests to the fact that the given form of economic-management relations is not a short-term campaign, but is designed rather to bring about a future turning of these organizations to public production.

[Ye. Sosnin] In the ukase of the Presidium of the USSR Supreme Soviet entitled "On Leasing and Leasing Relations in the USSR" the peasant farm acquires an official status. What is its socioeconomic and legal position under the conditions of the new economic relations in the rural areas?

[V.I. Akulinin] It must be said that in recent times a serious discussion has been raised concerning the place and role of the peasant farms in solving the food problem. Often such farms are called "farmsteads."

The decree published by the USSR Council of Ministers about improving the supply of food to the population has set the Soviet and economic organs the task of creating equal economic conditions within the country for all types of farms, including those for peasants.



Everyone knows full well that private, auxiliary farms belonging to citizens exist in our country. And their contribution to solving the food problem is quite significant. They provide more than one-fourth of all agricultural products. Now, along with them, the right to life has also been acquired by peasant-type commodity farms [truck farms]. What we are talking about is those are making the transition to individual or family types of leasing. As a rule, such farms are not bound by labor or membership relations to a leasor. In other words, the Soviet farmstead is beginning to make his appearance.

This still sounds unusual for many persons. But it's high time that we overcame our prejudices and cease thinking of the evolved structure in the agrarian sector as if it were something ossified and eternal. Here, as in other spheres of the economy a multiplicity of forms is fully justified. And peasant farms must become an organic part of our socialist system.

It's obvious that such a type of leasing will gain widespread acceptance in certain regions of the country. Particularly in the Baltic republics, in the Non-Chernozem Zone of the Russian Federation, as well as in certain regions of Siberia and the Soviet Far East.

According to the data of the land-registration services, since 1940 in the Non-Chernozem Zone alone approximately 12 million hectares of agricultural lands have been taken out of circulation, including 5 million hectares. For example, in Vologda Oblast more than 20,000 houses have become empty; they could have been converted to peasant farms for those who wish to carry on production in the rural areas. There are a great deal of unused lands and neglected housing in Smolensk, Kalinin, Kirov, Pskov, Novgorod, and a number of other oblasts.

Of course, the organization of a peasant farm is a far-from easy matter. And the reason it is not easy is because up to this time there has been much that is unclear in the status and rights of those who have entered upon the path of family or individual leasing. Let's recall the ordeal of the well-known "Arkhangelsk peasant"—Nikolay Sivkov. His story reflected, as in a drop of water, the social and economic haplessness of persons who have chosen as the goal of their lives the noble task of feeding this country.

With the adoption of the Ukase on Leasing and Leasing Relations, they have acquired major rights. A leaseholder independently disposes of the items he has produced and sells it in any region of the country he likes. One can voluntarily take upon himself the fulfillment of a state order. After paying his leasing fees and his taxes, all his earnings belong to him. And I particularly want to emphasize that the peasant farms have now been put on an equal footing with kolkhozes and sovkhoses with regard to material and technical support, as well as

transportation and other types of services. A leaseholder has the right to open an account in banking institutions and to obtain short-term and long-term loans to develop production.

In the decree adopted by the USSR Council of Ministers on the program for the social development of the rural areas a whole series of privileges for setting up such farms has been provided for, including freedom from leasing fees for five years, grants of long-term credits ranging up to 50,000 rubles for building a dwelling with outbuildings. Thus, great opportunities are being created for developing such a kind of farm management.

[Ye. Sosnin] What further kinds of stimulating levers are provided in the adopted documents on leasing and leasing relations?

[V.I. Akulinin] In order to motivate the members of an organization of leaseholders to create new producer goods, it has been provided that a portion of the average incremental value created annually by means of the leaseholder's own funds can be deducted and contributed to a special account—a shared fund for the members of the leaseholders' organization. The assets of this fund shall be distributed among the members of the organization of leaseholders and deposited in their personal accounts in proportion to their specific labor contribution. Interest is added annually to these assets; the amount shall be determined by a general meeting of the leaseholders.

The documents also provide that members of a leaseholders' organization, as well as persons engaged in individual labor activity in agriculture (members of peasant farms), are eligible for social insurance and social security on an equal footing with workers and office employees. The period of work in a leaseholders' organization or on a peasant farm during the course of which insurance premiums have been paid in shall be included in the period of labor service.

[Ye. Sosnin] In which spheres of agro-industrial production, in your opinion, will leasing relations become widely development?

[V.I. Akulinin] Along with agriculture, there are enormous opportunities for using leases in processing enterprises. This is now the most neglected section of agro-industrial production. Nonetheless, the improvement of food provisioning depends on this to a large extent. In the United States, for example, for every dollar of agricultural raw material, after its appropriate processing, packaging, etc., food items are sold for 3-4 dollars. We are noticeably behind here.

Under the conditions of the acute food shortage, development of the processing sphere is of enormous importance. By means of cutting down on losses and introducing wastefree technology, we can significantly increase the output of food items. This is attested to by the following example. In 1988 the collective of the Moscow

Experimental Plant of Non-Alcoholic Beverages leased their enterprise, and within a brief period of time the results exceeded expectations. After modernizing their workshops by using their own funds, the leaseholders in less than a year increased their production output by a factor of 1.7. And what is particularly important is that the collective of leaseholders, being a true master, pays great attention to the development of the social sphere by means of its own funds. The growth rate of labor productivity significantly exceeds the increase in wages.

[Ye. Sosnin] The introduction of leasing as a very important form of improving socialist production relations will require a great deal of painstaking work, the breaking of the evolved stereotypes in the thinking of the economic personnel and specialists in the agro-industrial complex. Who will be the organizer of this important work?

[V.I. Akulinin] Of course, the principal concern will be the obligation of the Councils of Ministers of the Union and Autonomous republics, the ispolkoms of the local Soviets of People's Deputies, as well as the ministries and departments. They will have to adopt exhaustive measures to develop leasing relations everywhere. But I want to particularly emphasize that all this must be built on a strictly voluntary basis. In organizational-practical work it is important to key precisely on the main goal—universal improvement of supplying the population with food products, consumer goods, and satisfying the needs for everyday and other services.

[Ye. Sosnin] The ukase of the Presidium of the USSR Supreme Soviet entitled "On Leasing and Leasing Relations in the USSR" has assigned to the USSR Council of Ministers the task of preparing a Draft Law on this matter. What brought this about?

[V.I. Akulinin] As you know, at the March (1989) Plenum of the CPSU Central Committee proposals were made about working out such a Law on Leasing. There are variants of it. However, many statutes require serious checking out in production practice. Haste is not necessary here. As the saying goes, "It's better to measure seven times and cut once."

The application of the statutes of the ukase in practical experience will show us in what direction to polish and refine the Draft Law. Moreover, it will allow us to enrich many of its articles as applied to various spheres of the national economy.

#### **Discussion of Land Tenure & Land Ownership**

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[Article by B.P. Tsykhalov, candidate of economic sciences: "On Land Ownership, Its Owner and Its Farmers"]

[Text] Agriculture is a special sector of public production in which a man's profession is involved with living organisms and soil which, according to scientists, also

has the status of living material. Therefore, this is a sphere where the worker must adapt to the laws of nature and not work against them, where he must delicately, thriftily and, at the same time, creatively utilize the land with high professional skill and transform the specific biological potential of the land, plants, and animals. Lack of imagination, indifference, bureaucracy, administrative management, and a consumer attitude toward public property, etc. are absolutely harmful to this process. Besides, we must now take into account the ecological threat which has reached the maximum level beyond which food and water poisoning of people is possible as a result of the mindless application of mineral fertilizers and toxic chemical herbicides and pesticides.

The revival of farmers is only beginning. We have already become accustomed to the word "leaseholder;" the noun "farmer" [fermer] is entering into conversational usage and is being used in official documents, and the foundation has been laid for equipping individual producers with major equipment like tractors, for instance. There are cases of allocating land to farmers for perpetual use and there are advocates for consolidating this variation of land use.<sup>1</sup> In this regard, theoretical clarity is necessary in the area of conceptions of ownership, the owner, and farmers, since this matter affects the basic institutions of our society.

Biologically, man is a product of nature and is structured so that his life is divided by situation and condition into two spatially opposing fragments—into the real and the potential. One part of life is in the form of a complex, self-regulating, genetically predetermined complex process flowing within the framework of the organism of people and we consider it to be real. The other fragment is located outside of man, in the sum total of factors which produce potential life—in the earth, the sun's rays, the air's oxygen, fresh water, plant and animal food assets, mineral substances, and other natural phenomena.

We all know that there are no natural records or any special indications in the earth, or in any other material, which would indicate to man their natural affiliation to specific people as conditions for preserving real life. This fact is a social ambiguity (randomness) of things and property. There are also no biological directives in man on the issues—is he obliged to be the owner of the carriers of potential life, specifically which ones, or must he exist without this title.

Of course, social ambiguity of things and people has not been eliminated in nature. But it can be removed by verbal means, by means of designating subjects and objects with specific names and developing texts of official conceptual instructions (social relations) under them. They would establish what to call land and other things through their affiliations, who is their owner, what powers and responsibilities he is being entrusted with,

etc. These types of word relations, since they affect the issues of life or death of people, always were and right now are under the protection of state institutions, also including the armed forces.

It is important to point out that conditions for preserving people's real lives are accepted as being designated by nouns, produced both from social categories (titles) of individuals and from the names of institutions and other formations. For example, at the time the Decree on Land in Russia was adopted by the Second All-Russian Congress of Soviets of Workers and Soldiers Deputies—it meant state, royal, office, monastery, church, privately owned, public, peasant, and municipal land, etc.<sup>2</sup> Consequently if, let us assume, we take the noun "monastery property," then the matter essentially is fixing the affiliation of the land, not to specific people, but to an inanimate structure or to its name.

According to the official attitudes toward land and its mineral wealth, flora and fauna, and basic means of production and other property (according to the list) in the Constitution of the USSR, they are given identifiable but actually conflicting names—"national," and "state" property. People—this is the sum total of all Soviet people from new born children to extremely old men, without taking into account titular differentiation for workers, kolkhozniks [collective farm workers], engineers, and ministers, etc. The word "state" encompasses that portion of the territory of the planet within the existing borders of the USSR with everything located within them; that is, the state (nation) consists of the land, the citizens living on it, the products of their mental and physical labor, and also that of all previous generations.

A lack of identity of the nouns examined is present. National objects in their abstract aspect really are direct or indirect (depending on the type of things) carriers of potential life of the Soviet people as a whole, for we are simply seeing that individuals form one side of the whole with their real lives, and various conditions for preserving the latter form the other side. Similarly, nothing can be said about state property since the nation consists of people and things (if we digress from public relations).

The noun "state" is used in various meanings, including as a name of only an administrative system or an apparatus of [state] power with its inherent institutions—an army, militia, and other legitimate institutions. Here we must remember the provisions of the founders of Marxism-Leninism on the emergence of the state, on the destruction of the bourgeois state, or on the withering away of the state under communism. In these statements, we are not talking about countries, but about the official predetermined instructions of the administrative system in society. Consequently, if the phrase "state property" is viewed as being derived from "apparatus of state power," then it clearly contradicts the noun "national property."

The negative results of the practical identification of national property with state property, and more precisely—with administrative or nobody's property are well known. In this regard, we consider the existing land within the borders of the USSR—the complex condition for preserving the real life of all Soviet people—must have one name fixing its ownership: national property. Moreover, to exclude any possible ambiguity or doubt, we must also establish the only title of owner of all the territory of the USSR—the Soviet people.

Naming land "national property" signifies that its affiliation is not in equal shares to each member of society, but to all of the people in the total number of people who form a natural and social unity. That is, in this case which has demographic and titular diversity of individuals, it is reduced to a categorical unity and to a general conclusion—the Soviet people.

It is quite obvious that the Soviet people and absolutely all available individuals cannot directly and simultaneously realize their functions as owner of the land, for example, make the mass of required decisions, protect the borders of the territory, develop and reproduce life-supporting resources, and distribute them to consumers, etc. This is impeded, first of all, by the fact that one portion of the contingent of society is always in a disabled or incapacitated state, another is occupied in spheres of non-material production, and a third is divided into a multitude of specialized economic sectors.

The question thrusts itself upon us—How can the Soviet people as a whole be mentioned, not just on paper, as the exclusive owner of the land and actually carry out their powers? The answer to this is given in the resolution of the 19th All-Union Party Conference "On Legal Reform," where the requirement to insure the supremacy of law in all spheres of society's vital functions is expressed. Consequently, the Soviet people must formulate for itself as the owner of the land the necessary laws and obligations in the form of official relations (statutes) and entrust their representatives, the soviets of peoples deputies, to implement their strict fulfillment in an organized manner. It seems that experts on economics, jurisprudence, and the natural sciences will develop the conceptual instructions, but relations of this type must pass through the stage of recognition, approval by the majority of the people, and only after that become the governing factors.

Since the owner of the land, in accordance with the above-stated principles, is not himself capable of ensuring its economic use, he must allot and appoint a natural resource to specific subjects in definite economic and legal conditions to resolve this contradiction. Past experience of free distribution of land to mining and production enterprises, and also the lack of punishment for damaging it—for depletion of fertility, destruction of the soil layer, erosion, salinization [of the soil], etc.—prompts the owner toward a more effective course of

action. First of all, we need to allot land, not to enterprises and institutions, etc. but, to living people. Furthermore, based on the positive experience flowing from it, it is advisable to apply leasing terms to all categories of land users. Collecting rent and lease payments from them, the Soviet people will send these funds to support the disabled portion of the population and to other common needs.

The nouns "owner" and "farmer" may be identical if the subject, standing behind the first title, is himself farming on land-property. In our conditions, the farmer must be considered to be a land user, to whom the land owner transfers certain of his rights and obligations of a production, economic, or legal nature for a definite period of time. This is precisely what the essence of leasing terms includes, which place a basic degree of difference between a farmer as a subject, independently managing on the principle of self-financing and a hired laborer working in accordance with instructions and orders for a guaranteed wage.

The past, when the large-scale act for transforming the peasant into a hired day-laborer was concluded, is being widely criticized in the literature. In this regard, the idea of the need for reviving the peasant is being put forward. We suggest that a return to the status of the former peasant would not be progress. Soviet society needs modern types of civilized, educated farmers and leaseholders of various categories—individuals, family farmers, and cooperatives. We must ensure all conditions for the development of these types of organizational forms, create the preconditions for economic competition among them and for a contentious nature in the area of preserving and improving the carrier of the potential life of the people—the national land.

As for the allocation of sectors of land to farmers for perpetual use (what we spoke of at the beginning of this article), with approval of the principle of its inheritance, it will not be a contradiction of national ownership if this allocation is determined as a perpetual lease for a family. Another decision will become a synonym of the legitimization for land of the titles "individual," "family," or "private ownership," which contradict its constitutional name.

We suggest that only one category of land owner—the Soviet people—is compatible with the concept of "socialism," which does not nearly exclude the titular diversity of farmers and land users. We also think that it is necessary to create and develop in every possible way a cult imeni "national land ownership," so that no man would be indifferent to possible consumer or even barbarous use of this common life-supporting resource.

#### Footnotes

1. PRAVDA, 14 October 1988, pp 2-3. See the speeches of M.V. Saldre and A.A. Anan'ev.

2. The Complete Works of V.I. Lenin, Vol 35, p 25.

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## REGIONAL DEVELOPMENT

### Krasnodar Kraykom First Secretary on Agricultural Development

18240143a Krasnodar SELSKIYE ZORI in Russian  
No 2, Feb 89 pp 10-12

[Article by I. Polozkov, 1st secretary of the Krasnodar Kray CPSU Committee: "For Close Integration of Science With Production"]

[Text] During the 19th All-Union Party Conference and at conferences in the CPSU Central Committee and at Orel, M.S. Gorbachev referred to the country's food problem as being of an urgent and priority nature. Krasnodar Kray is making a considerable contribution towards solving it. What is being done in the Kuban region in this regard?

We are producing 1,700 kilograms of grain, 130—meat, 420—milk, 49.5 kilograms of fish, 400—eggs, 200 kilograms of vegetables, 110-120—sugar, 50—vegetable oil and 150-160 kilograms of fruit and grapes per capita. And our per capita consumption: bread—138 kilograms, meat—75, milk—284, fish—19 kilograms, eggs—265, vegetables and melons—129 kilograms, sugar—53, vegetable oil—9.2 and potatoes—79 kilograms.

Castor oil plants, hemp, coriander, tobacco, rape, hybrid corn seed in large volumes (200,000-250,000 tons, vegetable seed (on the order of 100,000 quintals), tea and many other crops, including sub-tropical ones, are being grown in the kray. In all, our kolkhozes and sovkhozes have an order for supplying approximately 150 types of products.

The gross agricultural output is valued at 6.2 billion rubles and the processing industry—4.5 billion. The profitability of the kolkhozes and sovkhozes is 35 percent. Compared to 1985 when there were 94 unprofitable farms, in 1988 only three remained.

What indicators have we achieved? We are obtaining on the order of 40 quintals of grain per hectare, including wheat—40, barley—44 and rice—50. Sugar beets—up to 300 and sunflowers—20-22 quintals. The productivity of the milking herd is 3,300 kilograms. During this five-year plan the grain yield has been raised by 7 quintals, the milk yields by 540 kilograms and meat production has increased by 24 percent.

Beyond any doubt, this growth results from the fact that our agrarian science (and it is represented by more than 45 scientific-research institutes and experimental and research stations) is operating in a more active manner and is truly becoming a productive force of society.



Nevertheless, these indicators are completely unacceptable to us. The contribution by the Kuban region to the country's food resources must be higher. Yes and that which remains after shipments to the union-republic funds is clearly inadequate for organizing nourishment for the population at the level for rational norms.

In this regard, an all-round program has developed within the kray for increasing the production volumes for products, intensifying their processing and expanding the assortment of food goods. The plans call for the production of food products to be increased by a factor of 1.5 by the year 2000. The gross yield of grain is expected to be raised by 2.2 million tons, sugar beets—by 25 percent, fruit and vegetable products—by 38 percent and meat and milk—by 44-45 percent.

Here then is how we expect to achieve these goals.

First of all, by uncovering the potential of the kolkhozes and sovkhoses based upon the creation of small cost accounting and independent production structures, mastering the new economic mechanism for management and introducing all types of contracts and leases into operations in all areas. In the final analysis—the establishment in rural areas of equal and partner-like production and distribution relationships. To find masters in the rural areas—today this is the chief trend in the work of the party, soviet and agricultural organs and the essence of perestroika. To eliminate official salaries and regular schedules and to abandon a monthly wage as an obsolete attribute in agricultural production.

Secondly, the productivity of farming and livestock husbandry must be raised considerably and the development of these branches must assume a guaranteed and stable character. Here we will rely upon the introduction of zonal and truly scientifically sound farming systems, the development and mastering of intensive technologies, improvements in the culture of farming and livestock husbandry, an integrated system for protecting plants and an expansion in the use of biological methods and ecologically pure methods and technologies.

A key element in increasing output production must be that of creating an appropriate level of agricultural production for the processing industry, where we are losing a great deal. What trends can we define as being the chief ones?

They include:

—the storage and processing of raw materials directly in the production areas, in the interest of having an appropriate storehouse system and departments at each kolkhoz and sovkhos;

—the modernization of existing and the construction of new enterprises for the processing of agricultural raw materials, with the production of a broad assortment of food goods in wrappings and packaging materials that conform to the modern needs of the people;

—the development of cooperation between kolkhozes and sovkhoses with the processing enterprises and the construction of joint departments for the production of semi-finished goods directly in the areas where the raw materials are produced;

—the restoration of agricultural cooperation, the organization of selkoozpagotpromtorgs [agricultural cooperatives for procurements of industrial goods] which would draw each rural yard into the production of agricultural products and ensure, on the basis of a mutually advantageous arrangement, the purchasing, processing and sale of finished products not only at stations and villages but also in cities throughout the kray;

—the development of subsidiary farms of industrial enterprises for the purpose of augmenting the resources for worker nutrition and the sale to the population, at their place of work, of food goods which are in high demand and produced by horticultural-gardening associations;

—the creation of a reliable base for storage and the organization of an extensive firm trade in food goods.

Approximately 1.2 billion rubles are being allocated for the above purposes during the current five-year plan—one and a half times more than that made available during the previous five-year plan.

In developing this all-round program, greater attention is being given to the social restructuring of the rural areas. Unfortunately, many of our remote stations and farmsteads have been unable to avoid social injustice. Towards this end, we developed the special "Sever" Program. We plan on assigning to it 2.5 billion rubles worth of capital investments.

It is completely obvious that the food programs which are presently being developed for the country as a whole and for each region cannot be solved in a reliable manner in the absence of proper scientific support. Those 7 quintals of increase in grain productivity became possible mainly owing to the fact that all of our organizational and mass-political work had a strong scientific basis and a true material foundation: we had at our disposal a new and progressive technology that had been proposed by science and also scientific resource support.

Thus it is the obligation of scientists to find and make available to practicing farmers, as rapidly as possible, modern forms for economic relationships and progressive technologies, especially in beet production, oil production, vegetable growing and in other very necessary and labor-intensive branches. This will be promoted by a

rejection of wage-leveling in evaluating the work of scientists. Conditions must be created for creative and fruitful work by all those drawn to scientific professions.

An important, interesting and decisive step was taken with the adoption of the decree of the CPSU Central Committee and the USSR Council of Ministers on the conversion of science over to cost accounting. But this was only the first step. Thus it would appear to be correct for our central economic departments, USSR Gosagroprom [State Agro-industrial Committee] and especially VASKhNIL [All-Union Academy of Agricultural Sciences imeni V.I. Lenin] not to stop at this point, but rather to intensify their search for more effective methods for evaluating the talent, industry and specific contribution by literally each scientist. A search must be undertaken for the forms needed for further integrating science with production.

We have created 12 priority trends for scientific support for the APK [agro-industrial complex]. And two more trends in the developmental stage. More than 60 scientific-production systems are in operation and they include two thirds of the kray's farms.

First of all, there is the "Effectiveness" Program. The chief task of this program—the mastering and introduction into operations in all areas of the new managerial mechanism, intra-farm and inter-branch cost accounting, contracts and leases.

Eight trends of a highly specialized branch nature. Here the efforts of the scientists are being concentrated on raising the stability of grain production and thereafter—rice, oil-bearing crops, vegetables, fruit and grapes, tobacco, sugar and livestock husbandry products.

Programs have been singled out: "Fertility," "All-Round Mechanization and Automation of Production" and a program for improving the technology for the processing of fruit and vegetables and for expanding the assortment of these products.

Some success has already been realized, especially in those systems which have been in operation for more than one year.

This includes the "Kubangibrid" NPS [nauchno-proizvodstvennaya sistema; scientific-production system]. The most delicate and most complicated work in the production of corn seed is concentrated here—the production of parental forms of seed for the growing of first generation hybrids, which are being sown on more than 40 percent of the corn fields of Russia.

There is the "Progress" NPO [scientific-production association] for livestock husbandry, where the productivity of the milking herd exceeds 5,000 kilograms.

There is the "Krasnodarris" NPS, which was organized last year and which includes some of the weaker farms. Here, over the course of 1 year's time, 16,500 additional tons of grain valued at approximately 5 million rubles were harvested. In the 2d Brigade of the Avrora Kolkhoz, a participant in this system, where NPS specialist V.V. Ostroukhov and scientific consultant A.Ch. Kurzhukov work, 60 quintals were obtained from each of 380 hectares, a 12 quintal increase in cropping power. At the Kolkhoz imeni Michurin, where scientific advice in rice growing is furnished by A.V. Vorobyeva of the All-Union Scientific Research Institute of Rice, 58.5 quintals per hectare were obtained from each of 4,600 hectares—an increase of 7 quintals per hectare. The collaboration between Professor F.M. Konarev of the Kuban Agricultural Institute with the Kanev Kolkhoz imeni Kalinin can be referred to as innovatively fruitful. Here, for the very first time in the country, a unique complex was created for the threshing of grain at a fixed site.

Positive examples of the work being carried out by other scientific-production and production systems and base farms can be cited. However, we look upon them as being only the first step. Indeed, we have a need not just for individual farms or even rayons with high cropping powers and productivities, but rather we require a mass attraction of kolkhozes, sovkhozes and processing enterprises to the work of intensifying production and accelerating an increase in food goods.

If elementary mismanagement is ruled out, what else is preventing this from being accomplished?

The chief factor—we do not have a good system for training high quality personnel. Individuals who possess not just a general but a detailed knowledge of the modern level for organizing production and who have mastered the technology for growing one or two crops. We are presently training our specialists such that they will have information on almost each crop, including crops from other continents. In the past, this was the solution for this problem. Today the defects of this system for training personnel are restraining the development of the productive forces in the agro-industrial complex.

We can expect no practical return from such training since the knowledge obtained is so superficial from the standpoint of today's requirements. Is this not why quite often no demands are being placed upon our scientists? And is this not one of the reasons why the RAPO's [rayon agro-industrial associations] were unable to prove their worth as vitally needed assistants for the farmers and livestock breeders and why specialists emerged in connection with the introduction of leases?

Certainly, in the scientific-production system for corn, for example, there must be specialists who possess as much knowledge of the crop as a scientist and they must

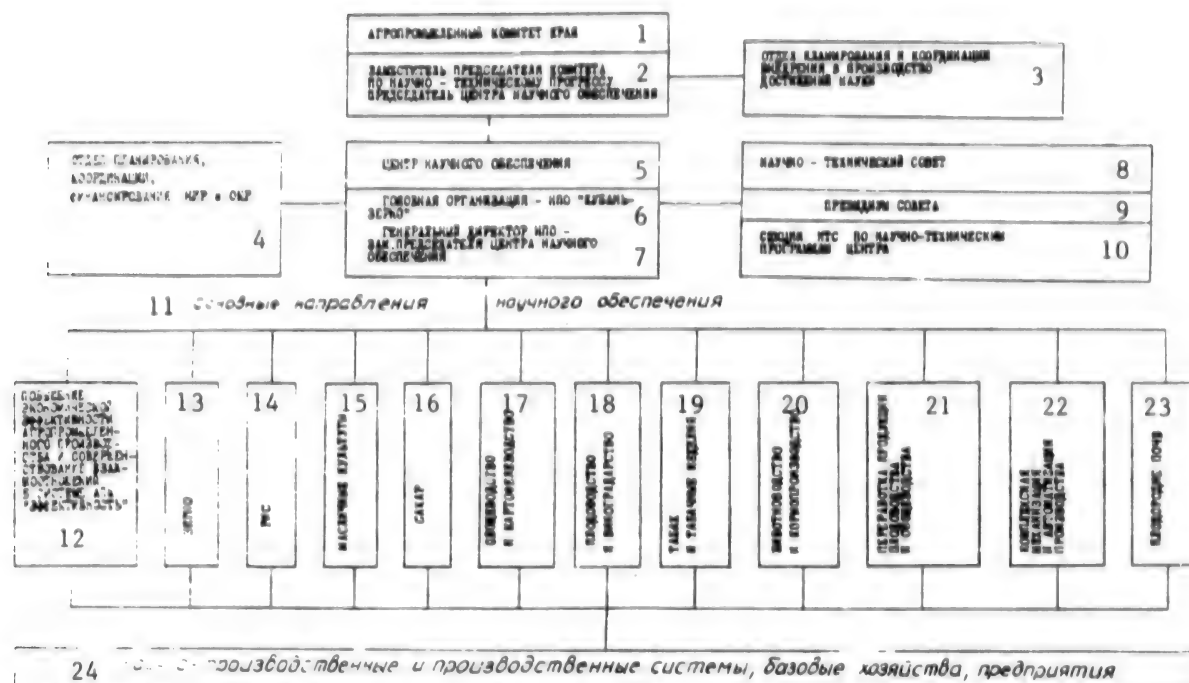


Diagram of Scientific Support for Agro-Industrial Complex of Krasnodar Kray

Key:

1. Kray agro-industrial committee
2. Deputy chairman of Committee for Scientific-Technical Progress and chairman of Center for Scientific Support
3. Department for Planning and Coordination and Introduction Into Production of Scientific Achievements
4. Department for Planning, Coordination and Financing for NIR [scientific research work] and OKR [experimental design work]
5. Center for Scientific Support
6. Leading organization—"Kuban-Zerno" NPO [scientific production association]
7. General director of NPO and deputy chairman of the Center for Scientific Support
8. Scientific-technical Council
9. Council Presidium
10. Section of NTS [scientific and technical council] for the center's scientific-technical programs
11. Principal trends for Scientific Support
12. Raising economic effectiveness of agro-industrial production and improving interrelationships within the APK [agro-industrial complex] "Effectiveness" System
13. Grain
14. Rice
15. Oil-bearing crops
16. Sugar
17. Vegetable growing and potato production
18. Fruit production and viticulture
19. Tobacco and tobacco products
20. Livestock husbandry and feed production
21. Processing of products from fruit and vegetable production
22. All-round mechanization and automation of production
23. Soil fertility
24. Scientific-production and production systems, base farms, enterprises.

have practical experience in cultivating it at the international level. Moreover, they must be able not only to discuss but also demonstrate any technological operation involved in its cultivation. And it must be this way in each system.

The interests of the work require that USSR Gosagroprom and VASKhNIL examine very thoroughly the system for the training and retraining of personnel, including the organization of farmer schools. The expansion of economic relationships with foreign countries attaches a priority character to the training of specialists in commercial matters.

For the purpose of achieving a qualitatively new level of training for personnel, we are creating the "Kubanagropromkadry" Association at the Kuban Agricultural Institute (leading organization), other VUZ's, agricultural technical schools and professional-technical schools of an agro-industrial profile. Its task—to study the personnel requirements of all branches, the organization of training and retraining, the formation of a corps of specialists of a high professional level for each type of production, capable of organizing production operations at the international level for contractual and lease collectives and scientific-production and production systems.

With regard to raising the operational effectiveness of scientific-production and production systems at the present time, it was in October 1988 that we commenced the retraining of specialists assigned to them. The training was carried out in the form of a 2-day program. It was subsequently continued but dedicated only to that crop or type of product for which the system was created.

In developing the program for scientific support for the kray agro-industrial complex, in conformity with the decree of the CPSU Central Committee and the USSR Council of Ministers, recommendations were introduced by the CPSU kraykom [kray committee] and the krayispolkom [kray executive committee] aimed at reorganizing a number of scientific subunits throughout the kray. A large number of these recommendations have already been carried out.

At the same time, no solution was found over an extended period of time for organizing the "Kubanris" NPO [scientific-production association]. The work is being held up by departments which have still not turned the plant and design bureau for combines over for the production of other technological machines for the growing of rice. The delay in the solving of this problem is inexcusable. Moreover, today's combines of the drum type are failing to thresh from 10 to 20 quintals of grain per hectare and, further, up to 30 or more percent of the threshed grain is crushed or has splits in the hulls, splits which are not visible to the naked eye. Such grain is unsuitable for storage. It is easy to compute the economic effect to be realized by the state from the use of a rotary-combing combine.

The recommendations for combining an experimental plant for refrigeration equipment with the North Caucasus Branch of the VNI [All-Union Scientific-Research Institute] of the refrigeration industry and for combining a livestock husbandry institute with a breeding service are not being carried out.

And there is still one other problem. For a number of years now we have maintained that today's farming system in the kray is not scientifically sound and that it operates on the basis of a production structure imposed from on high by interested departments and procurements of products that are profitable for them. The crop rotation plans are over-saturated with late ripening cultivated-technical crops. As a result—the sowing schedules for the winter crops are disrupted and their plantings are sparse or perish entirely—and there is a shortfall in grain. Thus, in 1988, following optimum periods, almost one half million hectares of winter crops were sown, 85,000 hectares were undersown and many fields were sparse and thinned out. And all of this resulted mainly from the late harvesting of the predecessor crops and a drying out of the upper soil layer. Where is the guarantee for a leaseholder or a farm? Under such a farming system, a solution for the problem of feed protein is being held up, since there are no areas in which to plant the peas and soybeans in the required volumes. And in the final analysis, this results in a shortfall in strong and valuable wheats, which the country is forced to purchase abroad.

At the present time, our scientists have developed a farming system which is closer to the scientifically sound criteria. Support is needed from USSR Gosagroprom and VASKhNIL in examining it and introducing it into operations.

Many questions are arising in connection with converting over to leases. One such question—inherited from the old system of management, which was cumbersome and involved hundreds of computations. At the present time, the number of computations has been reduced to 46. But does this mean that it is now two times easier for a leaseholder? Indeed, he has not had and will not have an accountant. It is our opinion that revolutionary approaches are needed here. Only those indicators should remain which make it possible to take into account the final results, analyze the trends and prepare forecasts for development of the APK.

There are also a number of other problems, the solutions for which are being awaited by the leaseholders, farm leaders, specialists, party committees and soviet organs. Especially today, the economic science is under a great obligation to the agro-industrial complex. And the more rapidly we open up the expanse for science to carry out creative and unshackled labor, the faster will we obtain answers to the numerous questions confronting our modern civilized peasants today.

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**Kuban Grain Crop Production Discussed**  
18240143b Moscow *EKONOMICHESKAYA GAZETA*  
in Russian No 11, Mar 89 pp 4-5

[Article by I. Polozkov, 1st secretary of the Krasnodar Kray CPSU Committee: "Economics of a Grain Field"]

[Text] The Kuban region is quite properly referred to as the granary of Russia. During the second half of the 19th Century, this region supplied to foreign countries one seventh of Russia's wheat exports. True, grain crops occupied roughly 90 percent of the areas under crops. Obviously, there were at this time clean fallow and long fallow lands. Today such a structure for the areas under crops is unacceptable. But the Kuban is a grain growing region at the present time. And that which happens out on the grain fields or around them is of importance to the farmers.

**Encumbered By Instructions and Directions**

Under the conditions imposed by strong centralized planning, many crops were sown on the Kuban fields. The kolkhozes and sovkhozes were forced to sow castor oil plants, hemp, coriander, sunflowers, sugar beets and corn grain. And each decision concerning an expansion in the production of a particular crop delivered a stern blow to the principal crop—winter wheat.

As a result of the late ripening of the predecessor crops, the schedules for high quality preparation of the soil for sowing of the winter crop fields were delayed each year. A fourth and at times a third of these crops were sown following the best periods. As a result, each year hundreds of thousands of hectares of weak winter crops perished or became severely thinned out.

As a rule, the wheat fields had to be resown or under-sown using other forage crops. Thus a problem developed with regard to the country's high quality grain resources. Moreover, this confusion surrounding the grain fields strangely enough was referred to as a scientifically sound system of farming.

At the present time, the scientists have examined the existing system of farming and, naturally, the structure of the area under crops. And although it is still far from perfect, nevertheless definite progress has been noted. The recommendations by scientists and practical workers call for a partial reduction in the areas set aside for the late ripening predecessor crops for wheat and an increase in the sowings of grasses, which will guarantee stable grass harvests.

However, the central planning and economic organs still do not wish to consider these recommendations. Just as in the past, they plan to increase their capabilities for processing the products of late ripening technical crops, they are establishing increasing state orders for deliveries of these crops to the union-republic funds and they are

defining appropriate payments into the budget. In short, the administrative-bureaucratic system in the manner of an over-burdened flywheel characterized by many revolutions.

It would appear that funds must be invested first of all in raising the productivity of the grain fields. Over the past two five-year plans, more than 12 billion rubles were invested in the kray's APK [agro-industrial complex]. State funds constituted three fifths of this amount. However, the expected return was not realized. Why? The answer is apparent in the manner in which these funds were spent. Only crumbs reached the grain fields. Yes and they took the form of means of production, which brought no joy to the grain growers. For the most part, the funds and capital investments made available were dispersed among the ministries and departments for the creation of all types of asphalt offices and for equipping them. The organizations appeared in the manner of mushrooms: selkhoztekhnika [republic association for the sale of agricultural equipment, spare parts, mineral fertilizers and other logistical means and for organizing the repair and use of machines at kolkhozes and sovkhozes], transselkhoztekhnika, selkhoz-khimiya, inter-farm construction, land reclamation organizations and selenergo. Complexes and combines were built and so on and so forth. And quite often their activities failed to promote an increase in the life-giving forces of the land but, to the contrary, caused harm to them.

This is borne out by the work of land reclamation organizations. On many farms, the reclaimed land was turned over with imperfections and roads, apartment buildings, kindergartens, schools and grain cleaning points were not built.

In short, the agricultural workers were confronted by the need for operating newly built installations and systems in the absence of basic agricultural facilities. And certainly, the planned indicators were not realized.

Unfortunately, the practice of irresponsible dispersion of those funds allocated for agriculture is continuing today. Here is just one fresh example. The capabilities of our USSR Minsudprom [Ministry of the Shipbuilding Industry] "Raduga" Plant in the city of Kropotkin, for the production of wide-swath rotary and frontal sprinkling machines are being utilized to only 50 percent. Nor has the plant been organized from a social standpoint: there is a shortage of housing and children's institutes. And during this same period of time, the union Gosplan, Minsudprom and Minvudkhos [Ministry of Land Reclamation and Water Resources] handed down a decision calling for the construction of a new and similar plant in Volgograd Oblast. But it is truly not my money—however they wish to spend it.

During the 1970's and the first half of the 1980's, as a result of similar misalignments in investments, the production cost for a quintal of grain at kolkhozes throughout the kray increased twofold and the cropping power—by only 4.5 quintals.

During the 11th Five-Year Plan, grain production in the kray began to decline. This alarmed the kray party organization. Indeed the role played by the Kuban as a large-scale agricultural region of the Russian Federation must include the formation also of union-republic food funds and nutritional resources for the local population. Without having developed a program for raising the productivity and stability of farming—especially the grain economy, it is impossible to realize progress in increasing the production of meat, milk and other products.

### Overcoming the Problems in Our Resources

There is only one path to be followed for increasing grain production in the Kuban region—raising the cropping power.

Towards this end, in recent years and based upon initiative displayed by the kray's party committee, the kray's scientists and specialists developed an all-round program for increasing grain production. The very heart of this program consisted of intensive technologies for growing agricultural crops based upon the introduction of contracts and leases into operations on an extensive scale. It embodies many years of operational experience by such well known farmers as M.I. Klepikov, V.Ya. Pervitskiy, A.V. Cherepova, A.M. Siyukhov, farm leaders V.F. Reznikova, P.Ya. Shtanko, N.M. Batokhina and A.K. Lozy and many others. Foreign experience was also taken into account.

The kray's CPSU Committee and the krayispolkom [kray executive committee] developed a system of measures for providing organizational, ideological and logistical support for the program aimed at increasing grain production. The chief factor here—to overcome as rapidly as possible technological backwardness and the prevailing psychological approaches generated by extensive farming. The established practice—seed preparation, working of the soil, carrying out the sowing work without glancing back at the fields and thereafter awaiting the harvest—is no longer suitable. Grain, similar to all living things, must be cultivated, nourished and protected from sowing until harvest.

It has become obvious that more complete use of the kray's bio-climatic potential and the local grain growing traditions requires a basically different approach for the grain economy and particularly for food wheat. Indeed, many regions of the country are capable of furnishing high quality food grain similar to that which we are producing. Thus an increase in the production of food wheat in the Kuban must become a priority trend in the work of local farmers.

Today the kray's kolkhozes and sovkhoses are obtaining approximately 5 million tons of winter wheat annually, up to 3 million tons of which are being sold to the state.

Moreover, in excess of 90 percent is strong and valuable grain with a gluten content of 25-30 percent or more—used for raising the quality of bread in other regions of the country.

Certainly, our potential does not stop here. With the appropriate conditions, the kray's farms are capable of increasing the production of food wheat by a minimum of 1-1.5 million tons. But in order to accomplish this, regional specialization, scientific potential, the system of farming and the required resources must all be subordinated primarily to the cultivation of wheat.

What is the work dependent upon? There are many factors involved. First of all, more persistent work must be carried out in connection with improving economic relationships in the rural areas. The chief trend here—approval of an owner of land based upon the further development of cost accounting, contracts and lease arrangements. We are devoting greater attention to solving the social problems and raising the prestige attached to the grain growing profession.

We are presently organizing anew scientific support for grain production and for personnel training. The scientific-production associations "Kubanzerno," "Kubangibrid," "Krasnodarris" and "Kubankadry" and a number of scientific-production and production systems have been created and are in operation. Other structures are also appearing.

We must direct the attention of the farmers in a more decisive manner towards solving one particularly acute problem—raising soil fertility. According to an evaluation supplied by scientists, in order to maintain a deficit-free balance of humus in our chernozem soils, 10-12 tons of organic material must be applied annually per hectare.

The principal aim here is to change radically the attitude towards the production and application of organic fertilizers. But what are our possibilities in this regard? Today the 3 million standard head of cattle available in the kray are capable of providing us with only 30 million tons of farmyard manure and this is only 6-7 tons per hectare. An increase in the number of cattle requires an expansion of the feed fields, that is, a reduction in the sowings either of grain or cultivated-technical and other crops. The former is not possible since the country suffers from a shortage of grain and a reduction in the cultivated-technical crop group will not be allowed by the administrative-bureaucratic planning and distribution system, which dictates to the peasant how much is to be produced.

Greater attention is now being given to solving the ecological problems. And here there are also a number of factors which must be taken into consideration. In recent years, the mass media have criticized our farm leaders, specialists and scientists for converting over all too slowly to the non-plow system of working the soil and for making excessive use of chemical agents.

I would like to make the following statement in this regard. The very nature of the problem—the removal of a plow from the soil cultivation technology and the use only of non-mouldboard means—appears to me to be unsound, since it represents once again movement from one extreme to another.

#### A Special Approach for Each Field

In the Kuban region, where there are warm, damp and often snowless winters and good chernozem soil, a special approach is needed for each field. Weeds, various pests and other causative agents of diseases winter very well in the crop residues found on fields cultivated without plows. And it is precisely on such fields that the greatest crop losses occur.

Permit me to cite an example. Over a period of 3 years, specialists attached to the English "ICI" Firm tested a technology on our farms which did not involve any pre-sowing cultivation using soil-cultivation implements. But in the process they applied more than 80 rubles worth of herbicides, insecticides, fungicides and growth regulators (with the expenditures for applying them taken into account) per hectare.

Our farmers employed the classical soil cultivation technology, with fall plowing using a plow, and they did not apply any chemicals to the soil. In 1987, the Englishmen obtained 48 quintals and ourselves—53.9 quintals per hectare. Yes and our production cost per quintal of grain turned out to be 1 ruble and 70 kopecks lower. As you can see, our grain was grown without herbicides and yet was considerably cheaper. Nevertheless, we cannot rule out the need for protecting the plants during their growth and ripening stages.

Certainly, it would be better to provide this protection using biological means, but for all practical purposes the country lacks such means. To reject today the use of chemical protective agents—means not only a reduction in the harvest figures but also the creation of a certain danger, a danger that is even stronger than the protective agents themselves—the poisoning of livestock and humans by toxins released by fusarium and other grain crop fungus diseases.

These facts are worthy of reflection. A specialist must take into account the peculiarities not only of each year but also of each field. And the issuing of overall commands, where and how to plow, what is to be used for protecting plants and how the work is to be carried out—this is a hopeless undertaking.

Considerable importance is attached to cleaning the river beds (up to 10-12 meters or more of silt have accumulated in them), to restoring the natural drainage of our chernozem soils and to prevent their degradation. The elimination of consequences which have already manifested themselves on the fields is beyond the capability of just one kray. Indeed, we have in mind here

billions of rubles worth of expenditures. USSR Gosplan, USSR Gosagroprom and USSR Minvodkhoz—these then are the primary organizations which truly can and must furnish assistance in solving these large-scale problems. But they still are unwilling to do this.

The economics of the grain economy are arousing considerable concern today. This is borne out by the fact that grain crops, which occupy more than one half of the area under crops, furnish only slightly more than one third of the profit being realized from field crop husbandry operations. There are various reasons for this. First of all, there is non-equivalent exchange, a disruption in price parity, many strong-willed decisions from on high and constant price increases for equipment, fertilizer, fuel and other logistical resources required for agriculture.

Recently the cost of fertilizer has increased by twofold and that for spare parts for tractors and agricultural machines—by 20-25 percent. The rates for airborne chemical work have increased by a factor of 1.8. Compared to the 11th Five-Year Plan when 80 percent of the grain crop profitability was derived from a yield of 32.7 quintals and the per hectare expenditures were 182.2 rubles, today a minimum of 56-60-quintals per hectare is required in order to guarantee such a profitability.

#### For What Reason Is Profit Obtained?

The purchase prices do not provide the best stimulus for wheat production. The kray's farms receive on the average 79 rubles for each ton of common wheat. With the conversion over to the intensive technology, its production cost comes very close to this level. The actual sales price, taking into account the additional payments, primarily for strong wheat, amounts to approximately 100 rubles. Here we have a paradox: the profit derives not from the production of grain itself, but rather from the additional payment for quality and from sales in excess of the plan, that is, factors which are not constant and not guaranteed. It is for these reasons that we have encountered frequent instances of farms rejecting the use of mineral fertilizer, even phosphorus fertilizer which the land requires and also the services of agricultural aviation. True, in 1988 the mark-ups to the purchase price for wheat were raised (once again, the mark-ups and not the price!). But a majority of the farms were unable to strengthen the economics of their grain fields in this manner, since the proposed additional earnings was reduced to nil by a considerable increase in the wholesale prices for mixed feed.

During the current five-year plan, the kray was given an order for delivering 4 million tons of grain annually to the state resources. But a considerable part of the structure of this order consisted of forage grain. And thus each year hundreds of thousands of tons of forage are being procured and shipped from the farms to the state elevators. In return, we are shipping these hundreds of thousands of tons, set aside in the form of bartering or in exchange for food grain and other crops subject to bartering—an average of 1 million tons annually, but now in the form of mixed feed and quite often of low quality.

During the current five-year plan alone, use was made of 32,500 freight cars for shipping this mixed feed, not to mention motor transport. The farms paid only the railroad rate of 4,875,000 rubles. Who needs this? It is completely obvious that the existing system for planning grain purchases is acting as a brake and holding up an increase in the production of food goods.

The economics of grain production are being undermined by the illegal actions of certain ministries and departments. For example, today the farms are authorized, following fulfillment of the state order, to sell agricultural products to consumer cooperation at the kolkhoz markets and towards fulfillment of their plan. However, USSR Gosagroprom, USSR Goskomstat [State Committee on Statistics] and USSR Minkhlebo-produktov [Ministry of Grain Products] issue a directive at the end of the year—such grain is not to be credited to the plan.

Material damage is inflicted upon those farms which sold grain over and above the plan and those people who invested considerable labor are deprived of material compensation. Moral harm is also inflicted.

As yet, there is only talk concerning a conversion over to a normative logistical supply of products for the rural areas. At the present time, those who request more live better. During the current five-year plan and compared to the figures for 20 years ago, the annual deliveries of rolled metal to the kray have declined by 5,200 tons, cement—by 46,300 tons. The deliveries of timber, lumber and many other resources have also declined. The urgent nature of the food problem dictates a need for an operational increase and, most important, for stability in those deliveries needed for the agricultural production of resources and products.

All agricultural workers are awaiting the forthcoming Plenum of the CPSU Central Committee. It is their hope that during this meeting specific methods will be defined on a scientific basis for accelerating a solution for the country's food problem and that we will have an end to the impudent treatment of peasants, kolkhozes and sovkhoses and all those who lack the correct attitude towards grain growing work.

A partnership must be established with the peasants and equality with all those who enter into economic, distribution and legal relationships with them. We must have an end to dictates and firm guarantees must be created for the peasants permitting them to engage in creative work and encouraging growth in the production of all types of products.

### **Latvian Gosagroprom Chairman Discusses Encouraging Individual Farming Efforts**

18240104 Riga SOVETSKAYA LATVIYA in Russian  
10 Mar 89 p 2

[Interview with V.F. Rymashevskiy, chairman of Latvian Gosagroprom, by T. Kovalskaya and T. Bleskina; date and place not specified: "Land for the Peasants"]

[Text] Many of the statutes embodied in the draft law of the Latvian SSR concerning peasant farms, which is being discussed extensively throughout the republic at the present time, are the result of the operational experience of people who dedicated their lives to the land. This draft, the only one of its kind in the country, defines the economic, social and legal conditions for the operation of individual farms. The chairman of Gosagroprom [State Agro-industrial Committee] for Latvia, V.F. Rymashevskiy, herein expresses his opinion.

[Kovalskaya-Bleskina] Vladimir Frantsevich, in addition to kolkhozes and sovkhoses throughout the republic, provision is being made for the appearance of individual peasant farms, which will have land assigned to them for permanent use and with the right of inheritance. Is this a return to individual farms?

[Rymashevskiy] Kolkhozes and sovkhoses continue to be our principal producers out on the land. However, on our land that is hilly, interrupted by forests and rivers or rich in lakes there are areas which are difficult to utilize in an intensive manner under the conditions of large-scale production. And it is here that peasant farms can and must be developed. This is not a return to the system of individual farms, but rather it is a return to Lenin's policies. What did Lenin have to say? Factories for the workers and land for the peasants. We later departed from this and felt the sharp loss of the peasantry as they were separated from the land. If he does not feel that he is the master, an individual becomes nothing more than a hired worker and we know that a hired worker is not the best producer. At the present time, various production structures are being developed simultaneously throughout the republic. Agrofirms [agricultural firms] and combines are being created—depending upon the specific conditions. And the appearance of new owners is also the result of a specific situation. We presently have approximately 1 million hectares of neglected and unworked land, especially in the eastern part, and many abandoned buildings. Improvements can be realized in such situations only by interested individuals and not by a leaseholder, one to whom the land is presented for several years and who takes as much from it as possible before leaving. A true master of the situation is needed, one who knows that he is working for himself and for his children. Guarantees are needed which will strengthen the right of an individual to that which he created by virtue of his own labor. Indeed, our Latvian peasants still clearly recall the mass deportations of 1941 and 1949.



[Kovalskaya-Bleskina] The draft makes it possible for the owner of an individual farm to hire workers. This forces the question: is this not a step taken towards farm proletarianism?

[Rymashevskiy] The question should never be posed in that manner. The work of a peasant farm is based upon personal labor. The draft law does not authorize the hiring of workers either permanently or for an extended period. It merely makes it possible to enlist the aid of other citizens only during tense periods of agricultural work. It bears mentioning that mutual assistance has always been characteristic of rural areas. For example, take the period devoted to the digging up of potatoes—everyone in the rural areas helps one another and they do so voluntarily. The relationships in society have become completely different. The state stands at the side of each individual defending his rights.

[Kovalskaya-Bleskina] Although the draft examines specific subjects, it still fails to cite specific figures, with the exception of the amount of area to be allocated, which must be not less than 20 hectares of land of an agricultural nature. How economically sound is this figure and who will control the use of the land?

[Rymashevskiy] It is expected that control over the use of the land will be extended to the local soviets. They will be able to withdraw the land if it is not being used as intended or efficiently. Certainly, the peasant will determine the profile for his farm, but we will orient it mainly towards the production of food products. We still have many individuals who wish to grow marketable products, for example flowers, realize good earnings from such work and thereafter abandon the land. In all probability, the land will have to be issued on a competitive basis, with a determination being made in advance as to whether or not the people are prepared to work the land and if they possess the necessary experience and training. That is, can they be entrusted with 20, 30 or 40 hectares. A chief consideration in all probability will be whether or not each family will be able to work the land itself.

[Kovalskaya-Bleskina] But equipment is needed in any case. What are the possibilities for obtaining this equipment and under what conditions?

[Rymashevskiy] In accordance with a decree of the Central Committee of the Communist Party of Latvia and the republic's Council of Ministers, peasant farms are included in the agro-industrial complex system along with the kolkhozes, sovkhoses, enterprises and others. This gives them the right to acquire equipment under the same conditions and at the same prices.

[Kovalskaya-Bleskina] Each individual who masters the new work will require initial capital and credit. Under what conditions may they be made available?

[Rymashevskiy] We favor a system in which the conditions for obtaining loans and the conditions for repaying them are the same as those established for kolkhozes and sovkhoses. They can serve as the guarantors for the credit extended to peasants.

[Kovalskaya-Bleskina] In addition to a good law, realistic working conditions are still needed for these individuals. Do you not think that additional and decisive economic steps should be undertaken aimed at returning people to the land?

[Rymashevskiy] Obviously, where we have a peasant family there will also be children and elderly people. Thus there will be a need for having a polyclinic and a school in the vicinity. Even more important is the fact that nothing will be accomplished on a farmstead if a road is not available. Roads will be built using farm funds and also funds from the state budget. The republic possesses experience in creating very favorable conditions for these new owners—the Liyezere Sovkhoz in Madonskiy Rayon. Here, using farm funds, they initially carried out repairs on the homes, they installed roads leading to them and only after this work was completed did they invite the people in. This remote farm also has experience in the use of a lease type arrangement. One multiple-child family leased a farm for 37 cows. The milk yield here—5,700 kilograms. The family concerns itself with feeding and milking the cows, while the sovkhos is responsible for bringing in the feed and providing transport. But with the passage of time, if the people so wish, they can purchase their farm from the sovkhos, obtain the land and produce their feed independently. This then will be a peasant farm.

[Kovalskaya-Bleskina] Does this mean that we are approaching private ownership?

[Rymashevskiy] The people must be presented with an opportunity to carry out their work on the land in an interested manner. Yes, on a peasant farm there will be private ownership of certain means of production—using his own money, an individual may purchase a tractor, combine, farm, home, animals and so forth. The land has belonged and will belong to the state. This is a basic principle. But it will be managed by a peasant.

#### **Economic Improvements in Moldavian Agro-Industrial Complex**

18240164 Kishinev SELSKOYE KHOZYAYSTVO  
MOLDAVII in Russian No 2, Feb 89 pp 4-6

[Article by G. Tabunshchik, deputy chairman of MSSR Gosplan: "Some Problems of Improving the Structure and Economic Mechanism of the Republic's APK [Agro-Industrial Complex]"]

[Text] For a number of years two trends have been observed in the development of the country's agrarian sector. On the one hand, there was the rapid growth of the sector's fixed productive capital, the power available

per worker and the capital-labor ratio, and on the other hand, the growth rates of the gross product were considerably lower. The main reason for this phenomenon lies in the fact that "The practical measures to reinforce the material base of agriculture," as M.S. Gorbachev noted at the July (1988) CPSU Central Committee Plenum, "have not simultaneously reinforced the appropriate work on changing the economic relations in the rural area." The system that has formed for agricultural management has complicated intersectorial and interregional ties, and has remained clumsy and disconnected. The role of the rayon unit has been unjustifiably lowered. This has also made it necessary to create a new organizational-management mechanism for the functioning of the agro-industrial complex and further improvement of the economic relations in the rural areas.

The agro-industrial complex of the Moldavian SSR is the leading sector of the republic's economic system: in 1987 its sectors had 55 percent of the aggregate social product, 54.7 percent of the fixed productive capital and 53.1 percent of the workers. The gross APK product reached 10.5 billion rubles.

In the system of the country's agro-industrial complex, Moldavia specializes in the production of the most varied types of foodstuffs and raw material for the processing industry. The nutritional structure has improved noticeably, and many types of foodstuffs have succeeded in approaching the scientifically substantiated consumption norms.

At the same time, it must be noted that the production-economic potential created in the republic's agro-industrial complex is by no means fully used, and the social development of the rural area does not meet today's demands.

Right now, when the concept of the development of the APK in the period up to the year 2005 is being worked out on the threshold of the 13th Five-Year Plan, it is very important to determine the priorities and proportions for the development of the APK sectors correctly. A task is posed: to ensure a developmental level for the APK which would make it possible to emerge at scientifically substantiated nutritional norms for the republic's population and increase Moldavia's contribution to the formation of the country's food resources. At the same time, the natural-economic conditions of the region, the potentials for scientific-technical progress, the ecological situation and other factors should be taken into consideration as fully as possible.

In accordance with the basic functions, a multi-aspectual APK structure is being built. The territorial, functional and sectorial aspects are decisive in improving the management and increasing the efficiency of the APK.

The agriculture of the republic is presently represented by 40 rayon agro-industrial associations, with over 2000 objects of administration under their direct and dual jurisdiction.

It has now been accepted that four natural-economic zones be singled out, which differ in their unique combination of agricultural production sectors, caused by the national-economic features. While continuing to improve zonal specialization, the principal attention should, in our opinion, be directed toward rayon and intrarayon specialization of agricultural production, with simultaneous creation in them of the appropriate capacities for the processing industry, procuring and storing facilities, a road-transport system, etc. Within the framework of the administrative rayons, as a rule, agricultural systems should be created which would encompass the entire process: production of agricultural products, its processing and sale. More intensified specialization of the rayons, kolkhozes and sovkhoses also requires the introduction of an adaptive system to carry out the agricultural production.

As we know, in the 1970's-1980's, a great deal of attention was paid to developing the first sphere—producing means of production for the APK. In this period machine building for crop growing and livestock breeding and for the food and fodder industry was formed and developed. Is there a future for the development of the first sphere in our region? It appears that this need exists. There should be more intensive development of the sectors producing industrial equipment for the processing industry, complete refrigeration units, special agricultural machines for the sectors in which Moldavia's agriculture specializes, etc. Our potentials for providing the APK with means of production are limited, however. Because of this, the needs of Moldavia's APK for agricultural machines, motor vehicles, industrial equipment, etc. will in the future be satisfied mainly through importing them from other regions of the country.

The second sphere is direct agricultural production. As we know, the APK is not simply an economic, but a bioeconomic system. Its central unit is agriculture. Therefore, the main strategical factor in intensive development of agriculture is the principle of adapting the production to the specific bioclimatic conditions of each region. The consequences of disregarding this principle are generally known. Excessive enthusiasm for commercial crops has led to such a saturation of them in the fields that carrying out scientifically substantiated crop rotation has become virtually impossible. Incorrect placement of vineyards was one of the main reasons for their mass uprooting under the unfavorable weather-climatic conditions of the year, etc.

Another question. The natural low water-level and often repeated dry periods make the problem of the republic's water reclamation extremely critical. In 1985 a program was adopted for long-term reclamation and increased

efficiency of the reclaimed lands in the Moldavian SSR. A year later, however, this work was substantially cut back. In three years, with the plan for 82,000 hectares, 38,700 hectares of irrigated land were formed. There is no denying—what happened with the water management construction in the south of the republic in connection with the high degree of mineralization of the water in Lake Yalpug required thorough comprehension and correct conclusions. The serious analysis of the state of affairs, however, grew into a fruitless discussion of whether or not Moldavia needed irrigation.

The rightful preoccupation of the Moldavian public with the ruinous consequences for Moldavian soils of irrigation with highly mineralized water began to be interpreted by some scientists and commentators as a categorical rejection of irrigation in general, which is, in our opinion, a profound mistake. It is necessary to speak out, and not only speak out, but not to permit cases of water reclamation projects being constructed without thorough, including scientific, substantiation. It must be remembered, however, that under the conditions of Moldavia, when out of five years, two or three are dry, and using the achievements of scientific-technical progress will be ineffective, since in our region the chief limiting factor is water. The analysis of the production of grain and fodders for the last ten years confirms this. The grain harvest in these years fluctuated from 28.5 quintals/hectare in 1986 to 39.2 in 1984. With areas approximately identical with respect to years, the republic in the dry years actually underobtained almost a million tons of grain. A similar picture was formed in the production of fodders. It can be clearly seen that in dry years Moldavia's agriculture is thrown far behind.

Because of this it appears necessary, in the period up to 2005, to develop an irrigation fund, amounting to 670-700,000 hectares as against the present 280,000. At the same time, full use should be made of the potentials of the Dnestr and the Prut as water sources, and when necessary to transfer water from the Danube to the south of the republic.

Further development of reclamation cannot in any way run counter to other factors of intensifying agriculture, but should be regarded as one of the conditions in a set of measures for a stable guarantee of the necessary level of agricultural production.

The third sphere consists of organizationally formed subsystems of the APK—associations and enterprises engaged in processing agricultural raw material and the output of the final product. At the July (1988) CPSU Central Committee Plenum, it was emphasized: "Our greatest reserve is to combat losses... this requires much less time and expense than to increase the production volumes, and investments in eliminating losses and in processing—are the most beneficial and most effective." In the course of the last four five-year plans, however, in the Moldavian SSR the ratio of capital investments directed toward developing agriculture and toward the

processing industry was 4:1. At many enterprises the worn out condition of the productive capital reached 40 percent. Many products spoil and do not reach the consumer. Because of this, one of the most urgent tasks is accelerated development of industrial processing sectors and of storage facilities.

In the 1960's-1970's the processes of interfarm cooperation and agro-industrial and scientific-production integration were actively taking place in the agro-industrial sphere of the Moldavian SSR. In many ways because of these processes, the republic became a pioneer in the introduction of industrial technology in agriculture, is reaching advanced milestones in the productivity of dairy cattle, and is successfully solving other problems.

At the same time it should be noted that a number of interfarm enterprises are operating unprofitably, and the potentials incorporated in the new production and scientific-production organizations are by no means fully utilized.

The press often presents the opinion that interfarm cooperation and agro-industrial integration and the construction of industrial complexes were a mistake. Some people also think that the organization of kolkhozes is a mistake. The land, they say, should be distributed and the cattle separated among other farms, as complete abundance is coming. Neither mechanization nor science is necessary. These are overly simplified, superficial opinions.

Interfarm cooperation and agro-industrial integration have not always and not everywhere fully proved themselves, because these processes were not supported by an improvement in economic relations: the introduction of cost accounting, development of contracting relationships, etc.

Today the development of lease relations must be understood not as an alternative to kolkhoz-sovkhoz production, but as an economic mechanism, making possible fuller use of the potential of the kolkhozes and sovkhozes themselves.

The specific conditions that formed in Moldavia by the beginning of the 1970's required the creation of a unified administrative organ for the kolkhozes and interfarm enterprises. In 1973 a Soviet of kolkhozes, with all the kolkhozes and interfarm enterprises transferred to its jurisdiction, was created as an experimental procedure in the republic. No serious scientific study was given to the experience of its activity. In our opinion, when the new democratic forms of administration for the republic's APK are formed, the positive factors in the work of the Soviets of kolkhozes should be more fully utilized.

By the beginning of the 1980's, in Moldavia, as in other regions of the country, the administration of the agro-industrial complex remained disconnected. Along with the Soviet of kolkhozes of the republic, about ten other agro-industrial ministries and departments were in operation.

Therefore, in order to ensure the planning, financing and management of the APK as a unified whole, the Union-Republic State Agro-Industrial Committee of the Moldavian SSR (Gosagroprom MSSR) was formed, and in the rayons—rayon agro-industrial associations.

The creation of a unified administrative organ was an objective necessity. It was slated to aid in eliminating the departmental disconnectedness of the sectors and expanding the enterprises' independence. No significant improvement took place, however.

Right now the formation of new administrative organs for the APK is in progress. It appears to us that, under the conditions of Moldavia, the most suitable forms of APK administration, both at the rayon and at the republic levels, can be cooperative forms—the most democratic, making it possible, exclusively on voluntary principles, for the kolkhozes, sovkhoses and other agro-industrial enterprises to create combined administrative organs and make the transition to cooperative forms of production-technical and economic service.

One of the main directions for increasing the effectiveness of the APK is the transition of all its component units to economic methods of management. First of all, a transition should be made to new planning methods. The enterprises and organizations of the APK are independently working out and confirming the five-year plan of economic and social development on the basis of the initial planning data given them, as well as of the direct orders of the consumers and organs of material-technical supply for products (work, services), in consideration of the profitability.

Right now there are many discussions concerning the State order. Must it be taken directly to the enterprises producing the agrarian product, or not? Which of them should it be? Many documents state that the State order should be assigned on a competitive basis. This problem cannot be solved, however, by administrative, strong-willed efforts alone.

The State order for products, the prices for which will reflect the socially necessary labor input, fully provided with material-technical supply and guaranteeing sales—this sort of State order can actually become prestigious, and enterprises will fight to fulfill it. But while the introduction of a new economic mechanism is in progress, the State order, and I express my own personal point of view, must be taken to the enterprises, and

moreover it is a question of the State order, not for the whole spectrum of goods produced, but only for its basic types, and encompassing only 60-70 percent of the production volume.

A decisive condition for a major improvement in the state of affairs in the agro-industrial complex is the transition of all its enterprises and organizations, beginning on 1 January 1989, to full cost accounting and self-financing. As practical experience has shown, this extremely important process can be successful only on condition of careful and thorough preparation.

The introduction of cost accounting at the kolkhozes, sovkhoses and enterprises presupposes the obligatory development of contracting relations among the farms and enterprises.

Lease contracting has begun to develop in the republic. A task of primary importance is opening the way for the development of lease relations, as one of the most advanced forms of production organization within the kolkhozes, sovkhoses and enterprises, in which a real possibility will appear for eliminating the alienation of the agricultural worker from the means of production.

Problems of the social policy and scientific guarantee of the agro-industrial complex play a special role in increasing the effectiveness of the APK. These deep questions are the subject of a separate discussion. Here I wish only to emphasize that the social restructuring of the rural area (this standpoint was expressed in the press) is impossible, if it is supported only by the internal resources of the agro-industrial complex. Obviously, the assistance of the entire country and redistribution of investments throughout the entire national economic complex are necessary to solve this important problem.

Creating a new system of economic relations in the rural area presupposes a radical break in the ideas that have formed and a transition to primarily economic methods of administration, in which each economic organization would be granted true independence in making and putting into effect economic decisions. The main channel of the planned effect on the economic subject should be the effect on its economic interests.

By increasing the effectiveness of the centralized management of the economic system, a system will be created which would force the farmer, realizing his own interests, to make unalterable decisions which would also be in the interests of society as a whole and would create the conditions under which conscientious work would be advantageous.



# Consumption of Basic Types of Foodstuffs Per Capita for the Moldavian SSR

Types of foodstuffs	Years			Scientifically substantiated norm
	1970	1980	1987	
Meat and meat products, kg	35	49	54	78
Milk and dairy products, kg	172	265	295	328
Eggs, pcs	128	183	215	261
Fish products, kg	12.4	13.9	14.2	16.4
Oil, vegetable, kg	10.8	10.0	12.8	13.9
Sugar, kg	32.8	47	48.9	35
Fruits, berries, kg	62	49	82	99
Vegetables, cucurbits, kg	84	115	130	164
Potatoes, kg	75	75	79	78
Grain products, kg	187	177	173	121
Reference:				
size of population, in million persons	3.6	3.98	4.2	

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## MACHINERY, EQUIPMENT

### Conversion of Defense Industry to Civilian Production

#### Belousov on Plans for APK

18010519 Moscow PRAVITELSTVENNYY VESTNIK in Russian No 4, Feb 89 p 2

[Article by I. S. Belousov, deputy chairman of USSR Council of Ministers, under rubric "Toward the CPSU Central Committee Plenum": "Addressed to the Agricultural Industry"]

[Text] The conversion of military production... This concept already is backed up by real affairs in our country. The considerable potential of defense sectors of industry is being used more and more widely to solve pressing national economic problems, the most important of which is an accelerated saturation of the market with food products.

Considering all the acuteness of the situation in this sphere, the problem posed for defense sectors is to provide agriculture and processing industry enterprises with modern technology and high-capacity equipment.

It would be incorrect to think that they have just now joined in to resolve the problem. Now it is a question of having enterprises of defense sectors increase the deliveries of different kinds of hardware, equipment and other resources for the APK by many times. The basis for this is our party's consistent course toward relaxation of the international situation and a sharp reduction in expenditures for military products.

Just what are kolkhozes and sovkhozes receiving from the defense industry today? It is tractors, wide-coverage sprinklers, mineral fertilizer spreaders, surface plows, trailers, and other machinery and equipment.

I would also like to note the following detail. Specialists of defense enterprises now are paying more attention to the problem of improving the quality, reliability, economy, and operating convenience of equipment for the village. This work goes on in close touch with those using the machinery and mechanisms in kolkhozes, sovkhozes and processing enterprises. Here is just one example. In order to use irrigation units most effectively, to install them, carry out start-up and production work, turn them over for operation, and conduct subsequent servicing in many regions of the country, 29 regional production and installation facilities of the Fregat Production Association were set up especially in the USSR Minsudprom [Ministry of the Shipbuilding Industry] system. Another 15 facilities will be added in the next few years. For now, however, this is just the beginning of a big job. The creative alliance of "defense personnel" with agricultural machine operators must continue to be strengthened.

"Defense personnel" also consider the interests of those rural dwellers who have their own farmstead as well as numerous gardeners whose contribution to augmenting food resources will grow appreciably. For example, enterprises of USSR Minaviaprom [Ministry of the Aviation Industry] developed the output of tillers for working the soil, micromowers, water pumps and other small-scale mechanization equipment. The output of these scarce products must be increased considerably, and necessary steps are being taken in this direction.

Today, with the party sharply raising the question of a larger-scale inclusion of all the production and scientific-technical potential accumulated in the country in resolving the food problem, defense sectors can and must make

their substantial contribution to this matter. It is quite natural that the renovation and retooling of the processing industry has been assigned specifically to enterprises in this sphere.

What is the technical status of enterprises of processing sectors now? Only 13 percent of equipment corresponds to the world level, 42 percent is subject to modernization, and 26 percent is subject to being written off and replaced. Almost a third of industrial equipment is imported.

During the period 1988-1995 the output volume of modern equipment for processing sectors of the APK, including deliveries from CEMA countries, will be over R37 billion, including R17.5 billion supplied by defense sectors. Growth rates are impressive.

While in 1987 enterprises of the now abolished Minlegpishchemash [Ministry of Machine Building for Light and Food Industry and Household Appliances] and of ministries in defense sectors of industry produced R865 million of industrial equipment for the APK, last year the defense complex manufactured R1,029 million of such equipment. Equipment worth R3.8 billion is to be produced in 1995, or 4.4 times more than in 1987.

What has been done already? In 1988 345 of the primary defense industry plants were used to produce industrial equipment which was the specialty of the former Ministry of Machine Building for Light and Food Industry and Household Appliances. The relative share of equipment they produced for APK processing sectors within the overall production volume of such equipment by defense sectors in 1989 will be 25 percent, and subsequently it will grow. Some military plants being constructed are being reoriented to peaceful production while still on the drawing board. Two hundred five of the leading research institutes and design bureaus engaged in creating military equipment were assigned to design equipment for the agricultural industry.

In just eight years it will be necessary to create 4,500 kinds of new equipment for the processing sphere, of which over 3,000 will be produced by defense sectors of industry. In 1995 at least 90 percent of the equipment must conform to the world level. An important direction such as the creation of small-capacity equipment and shops also merits attention. A creative approach is required to solve the problems. Here I would like to take note of the initiative of the USSR Minsredmash [Ministry of Medium Machine Building] in taking a comprehensive approach to retooling milk industry enterprises (creation of equipment, design, and turnkey construction).

But it must be said frankly that matters still have not been properly arranged everywhere and not everything is being done by the planned dates. For example, there is a delay in making macaroni production lines operational in the Ministry of the Aviation Industry and in creating

jam preparation lines in the Ministry of the Shipbuilding Industry. For a long time the Mir NPO of the Ministry of Medium Machine Building together with Rostprod mash PO of Minobshchemash [Ministry of General Machine Building] and the Membrany MNTK [Interbranch Scientific-Technical Complex] of Minkhimprom [Ministry of the Chemical Industry] have been engaged in creating and mastering production of flat-membrane ultrafiltration units for processing secondary dairy products (buttermilk, whey), but they have not been brought to a working condition even today.

Or take the question of creating equipment for low-capacity processing enterprises. For example, a number of ministries have been enlisted for manufacturing small bakeries: the Ministry of General Machine Building as the primary ministry as well as the Ministry of the Shipbuilding Industry, Minkhimprom [Ministry of Chemical and Petroleum Machine Building], Minelektrotekhprom [Ministry of the Electrical Equipment Industry], Minpribor [Ministry of Instrument Making, Automation Equipment, and Control Systems] and Minavtoselkhoz mash [Ministry of Automotive and Agricultural Machine Building] of the USSR. It was planned to manufacture 30 sets of this equipment last year, 600 in 1989 and 1,400 in 1990. Meanwhile, only two prototypes have been produced. Unfortunately such instances are not yet isolated ones. All this requires a more responsible attitude toward creating new equipment and making it operational.

Modernization and creation of equipment for processing enterprises is picking up the pace. In 1989 over 150 descriptions of industrial equipment must be placed in series production [one or more phrases missing].

First of all, attention is being given to producing equipment which is especially scarce today. For example, the USSR Ministry of the Aviation Industry will begin manufacturing lines for the aseptic canning of liquid and puree semimanufactures. This will permit reducing the storage losses of raw materials by 15-20 percent and provide for year-around operation of canneries. The USSR Minoboronprom [Ministry of the Defense Industry] will master sugar cube equipment production under license and will begin producing lines for bottling and packaging nonalcoholic beverages, mineral water and beer with a capacity of 24,000 bottles per hour, and a mechanized flowline for producing canning containers from lamister [transliteration]; the Ministry of General Machine Building will begin producing extruders for producing dry breakfast food; and the Ministry of Medium Machine Building will begin production of automatic lines for producing cream butter (by the churning method), as well as units for manufacturing fruit and vegetable powders and sets of equipment for producing food concentrates and groats.

In 1989 the USSR Ministry of the Aviation Industry, Ministry of the Defense Industry, Minmash [Ministry of Machine Building], and the Ministry of Instrument

Making, Automation Equipment, and Control Systems will manufacture a number of pieces of high-capacity automatic equipment for bagging and packaging biscuits, rice sticks, souffle sweetmeats, pastila [sweet made of fruit or berries], potato chips, syrup-filled bonbons, gelatin, fruits and vegetables, and a number of other food products. By the end of the 12th Five-Year Plan it is planned to double the production of bagging and bottling equipment. In short, a very big job lies ahead and it is fully understandable that the accomplishment of tasks set for a cardinal retooling of APK processing sectors demands the cohesive work of labor collectives, an imaginative and responsible attitude toward the assigned job on the part of workers and engineer-technical personnel of the defense complex, and an active search for nonstandard solutions.

Today the important thing has been done—a foundation has been created for developing the production of industrial equipment for processing agricultural products. The work of modernizing this sector has begun, and this should appreciably affect the build-up of food resources in the country.

#### **Minister of Medium Machine Building, Others Comment**

18010519 Moscow PRAVITELSTVENNIY VESTNIK  
in Russian No 4, Feb 89 p 2

[Commentary by V. G. Chirskov, minister of construction of petroleum and gas industry enterprises USSR; Ye. A. Varnachev, minister of construction, road and municipal machine building USSR; and L. D. Ryabev, minister of medium machine building USSR: "Industry's Contribution"]

[Text]

[Chirskov] Nonspecialized directions, if it can be thus expressed, have appeared lately for Minneftegazstroy [Ministry of Construction of Petroleum and Gas Industry Enterprises].

One of them is the creation of low-capacity modular meat processing enterprises. Why did we do this? It is common knowledge that a poor production base for meat processing, backward designs, an unjustified mania for gigantic things, and long construction periods lead to enormous meat losses. There is one solution to this situation: to have a far-flung network of low-capacity meat processing enterprises that are inexpensive, mobile, rapidly installed, based on domestic equipment, and not inferior to the best foreign analogs.

Our Modular Product Design Institute developed a design for a plant capable of processing two tons of meat and producing a ton of sausage products per shift.

The collective of the Sibkomplektmontazh Association in Tyumen was assigned to produce a prototype. The system had been manufactured, delivered to the suburban Moscow area, and set up in just two months. The first test of operating the miniplant showed the promise of this design.

Just what are its advantages? Thorough plant readiness, mobility and compactness permit organizing large-scale production. One such plant is capable of providing meat products to a settlement with a population of up to 20,000. Every kolkhoz, sovkhoz or large subsidiary farm can have one.

This year it is planned to build 50 such complexes in 21 regions of the country. Their output will be increased to 200 in 1990. It is planned to place a total of 1,750 modular processing enterprises in operation by the end of the present five-year plan.

[Varnachev] Much now has to be built in the village, which means construction materials, and bricks above all, are needed in large quantities. The raw materials are at hand, for many areas of the country have enormous reserves of clay, and agricultural enterprises could organize the production of this time-tested construction material. It is all a question of where to purchase the necessary equipment.

Our ministry's enterprises set about to solve the problem and help the village organize series production of equipment for low-capacity brickyards for producing ceramic brick. For example, specialists of the Krasnyy Oktyabr Association already are completing development of such a brickyard with a capacity of 10-15 million bricks per year. A test batch will be manufactured this year and it is planned to organize series production of complete lines beginning in 1990.

Several versions of brickyards with a capacity of five million bricks per year are being created at the Mogilev Stromavtoliniya Production Association in collaboration with specialists of other sectors of the national economy.

What are the characteristics of the brickyard? It is a rather compact production with an estimated cost of R1.5 million, i.e., purchasing it is within the capability of any medium kolkhoz or sovkhoz. There will be 8-12 persons manning the brickyard. The estimated production cost of a thousand bricks is not over R50.

Collectives of USSR Ministroydormash [Ministry of Construction, Road and Municipal Machine Building] enterprises gave their word to manufacture 22 sets of brickyards in 1989. Annual deliveries subsequently will grow to 100 sets.

[Ryabev] Milk products make up around 40 percent of our diet. Appropriate industrial equipment is needed to obtain them. Unfortunately, this is just what is lacking;

existing equipment is fairly worn or obsolete. Now, with priority importance attached to developing the processing sphere, the production of equipment for the milk industry has become one of the principal tasks of the USSR Ministry of Medium Building.

The most important task is to create low-capacity shops in a modular unit design. This means cheese dairies with a capacity of 50 and 300 kg of cheese per shift, and milk processing plants and milk receiving points with a capacity of 10 tons of milk per shift. It is necessary to develop the design of a city milk plant with a capacity of 50 tons per shift.

The concept of creating a comprehensive retooling of the milk industry was defined. The beginning of its implementation showed that expected results can be achieved only with a precise interrelationship of scientific sub-units of the USSR Gosagroprom [State Committee for the APK] and organizations of our ministry. We believe

that the time has come to transfer the technological institutes of USSR Gosagroprom or some of their sub-units to the USSR Ministry of Medium Machine Building.

Last year sector enterprises successfully fulfilled the plan for producing equipment that was new for us. Equipment worth R188 million was delivered to the national economy. The current year's program is R235 million. It is envisaged preserving the very same rates next year, but in this connection it is necessary to resolve one matter. Ministry enterprises now are putting out equipment not only for the milk industry, but also for the meat, food, and milling-elevator industry. Would it not have been better to transfer production of this equipment to other sectors of the defense complex responsible for specializing in the particular equipment? Our enterprises are ready to take the manufacture of all industrial equipment for the milk industry from other departments.



## POLICY, ORGANIZATION

### **Restructuring, Introduction of Collective Contracts in Cement Industry**

81440558 Leningrad TSEMENT in Russian  
Vol 1, 1989 pp 6-7

[Article by V.A. Kambulov, secretary of the party bureau of the Nevnyansk Cement Plant: "Problems of Management of the Economy and the Introduction of the Collective Contract in Cement Plant Shops"]

[Text] Following the June (1987) Plenum of the CPSU Central Committee, party members at the Nevnyansk Cement Plant drafted and approved a program of measures to restructure the management of production.

From the very first steps in restructuring management of the economic aspect of production, we encountered certain difficulties in shop collectives. I think that these problems will be encountered at every enterprise making the transition to full cost accounting, self-financing, and self-support. There is a point, then, in discussing those problems of management of the economy under the new conditions which, because they affect the personal interests of the workers, are among the most important mechanisms holding back restructuring in the enterprise's lower-level subdivisions.

It should be noted that at all levels the transition to economic methods of management requires a radical restructuring of the thinking of every worker, engineer, or technician; the absence of the new thinking is a direct check on introduction of the economic reform at work stations.

Of all the measures that are to be carried out, I single out the most important groups, those touching upon the personal interests of practically every worker.

Introduction of monthly planning of operations for mixed repair brigades in the principal production shops and all the auxiliary shops; mechanical repairs, electrical repairs, the steam system shop, the shop for materials-handling equipment, and the housing and utility office.

In the first stage, the work of brigades and shops is to be planned on the basis of the schedule for operation of the principal technological equipment and requests received, and on that basis the monthly partial completion is determined for the brigade.

The amount of work can be assigned in equal units of measurement: pieces, tons, square meters, thousands of rubles, and so on. This same monthly topic planning is also being introduced for each department of the plant management.

Workers and engineering and technical personnel are sometimes reluctant to accept the system of monthly planning and they make these arguments:

—we cannot envisage everything in the plan, since we are hindered by unplanned shutdowns and breakdowns;

—you want me to think out everything I do a month in advance? I won't do it;

—you want us to force the workers to work? No, that won't do for us, say foremen and shop supervisors.

At the present time, a majority of shop personnel and the plant management are on the time-bonus system of remuneration. Bonuses are paid to many when the plan for the end product—cement—is fulfilled. There is no direct dependence here on the rise in personal productivity of labor at the particular work station; after all, it is not directly linked to the volume of cement produced.

Our measures envisage that bonuses will be paid for the month and the quarter provided the monthly topic plan for work is fulfilled, and that already touches upon the personal interests of every person, especially since everyone has been accustomed during the stagnation not to be responsible for anything or in any way. That is why many people are objecting to having their work planned.

Since 1988, workers in the various occupations have been given normed assignments on the basis of monthly plans; the plan in the sections is to convert them to piece rates on the basis of the job orders issued.

The idea that one could receive his wage without particular inputs of energy and that the wage could be increased regardless of the results of work and the growth of output became firmly ingrained in the minds of engineering and technical personnel and workers during the years of the stagnant period. That was in fact the case. In the stagnant period, the job order system and the issuing of assignments based on quotas were eliminated. Engineering and technical personnel think that the setting of monthly quotas greatly overloads them with duties.

In the years of the stagnation, time studies were not done, worktime losses and downtime lasting less than one shift were not studied, nor were measures worked out to combat them. The time-bonus system of remuneration, indirect piece rates, and so on, that were introduced were in those years considered the highest standard in the organization of work. All of these supposedly progressive methods in the organization of work have up to now allowed the workers to take numerous breaks unconcernedly, and foremen, mechanics, and shop chiefs pass their time serenely. So when it became a question of extending the economic reform to each engineer, technician, and worker and when this affected their personal interests, specific opponents to the economic methods of management emerged.

Twice—in the fall of 1987 and in the 1st quarter of 1988—attempts were made to convert machine tool operators in the machine repair shop to the job order

system. Both times this measure was wrecked by engineering and technical personnel; the introduction of job orders required that they plan their work, that they be able to organize their work and material and technical supply competently, i.e., that they be able to devote time to what are their direct duties. It is only since June 1988 that the machine tool operators have begun to work under the job order system.

Unfortunately, even in other shops many people have been opposing the introduction of monthly planning, piece-rate remuneration, and the issuing of assignments based on quotas, i.e., all engineering and technical personnel have to undergo psychological restructuring as individuals.

Many problems arise when the collective contract based on cost accounting is introduced in every shop, and we ourselves have encountered them.

The recommendations on the method of introducing the collective contract at enterprises, approved by USSR Ministry of Materials in January 1987, do not fully reflect the essence of it as a form of cost-accounting activity. They are altogether devoid of recommendations on material incentives for each member of the work collective based on reduction of the production cost of the product produced. Nor is this question covered in the temporary recommendations for application of the collective contract in enterprises and organizations approved by USSR Goskomtrud and the AUCCTU in January 1988. That is why production workers had to draft their own regulations on material incentives.

The activity of the work collective under the collective contract presupposes first of all not only a desire to work under the new conditions, but also at least elementary economic knowledge on the part of the workers. Unfortunately, the collective contract often reveals the economic illiteracy (I am not afraid of this word) of foremen, power engineers, mechanics, production engineers, and shop chiefs. Universal economic training is indispensable at every enterprise.

We drafted basic provisions concerning the collective contract for the principal shops; they are based on the following normative acts and regulations:

- USSR Law on the State Enterprise (Association);
- the agreement on the collective contract between the management of the plant (the customer) and the management and workers' council of the shop (the contractor);
- the regulation on the intraplant collective contract;
- the temporary regulation on awarding of bonuses to the contract collective out of the material incentive fund for reduction of the production cost of the product produced;

- the regulation on the organization of work and the organization of wages of the shop's collective;

- the regulation on cost-accounting claims between shops and the plant's administration;

- the regulation on remuneration of labor and awarding of bonuses of engineering and technical personnel.

Under the conditions of our collective contract based on cost accounting, the members of the work collective, when all the planning indicators are fulfilled and the production cost of the product produced is reduced, receive in addition a bonus amounting to 20 percent of the amount of the saving from the material incentive fund and also 95 percent of the amount of wages of the missing workers. This makes it possible to guarantee everyone's personal motivation as to the end results of work.

We attribute great importance to monthly briefings on ideology and economics which are conducted by shop chiefs. The results of mass-political and ideological work over the past month are totaled up at them, and upcoming measures for the coming month are outlined.

Specific orders are issued in the briefings as to who is to do what and when: to put up the wall newspaper, to organize a meeting with the plant's managers, to deliver a lecture, to monitor the conduct of classes in the system of universal economic education, to hear the reports of propagandists on workshops, to train squad members to do duty in protection of public order, and so on. Dates are set for holding assemblies of the work collective and party meetings, their agendas are defined, and assignments are given to members of the people's control group to conduct inspections in the shops.

Coordination of the actions of public organizations and the shop's management makes it possible to organize political education in the collective more effectively.

The economic briefing takes up progress in carrying out topic plans and production plans for the current month, and a detailed economic analysis is made of operations over the past month. Untapped potential within the shop to save on material and technical resources and the reasons for their overconsumption are discovered on the basis of an actual calculation of expenditures, decisions are made on invoking penalties against other units and the plant's management in accordance with the regulation on cost-accounting claims, organizational and technical measures aimed at improving the operation of equipment are outlined, labor productivity is analyzed in comparison with wages, and an examination is made of downtime lasting less than one shift, opportunities for expanding service areas, for attending more than one machine, for combining related occupations, for packing the workday of personnel, for better use of motor transport and lifting machinery, earth-moving equipment, and so on.

The work to improve the organization of wages and to introduce the new wage schedules and salaries deserves to be singled out. This requires competent recertification of engineering and technical personnel and employees, revision of worker wage rates, a search for unused wages to pay the difference up to the higher wage rates and salaries.

These things affect the personal interests of every person, which is why this effort must be thoroughly planned and thought out. When workers are being recertified, the effort should be organized so that every one of them takes examinations to qualify for his skill category.

At some enterprises and plants they have undertaken to violate the law; they have downgraded skill categories mechanically, with the consent of the workers, but without their taking the examinations. This "arbitrary" decision leads to various labor conflicts. It should be borne in mind that the requirements as to the knowledge of workers have risen sharply in the new manual on wage rates and qualifications.

Experience in recertification of engineering and technical personnel and employees has shown that a majority have no idea of those requirements which they must now meet to qualify.

Many feel that wages and salaries must be raised purely mechanically, without increasing the amount of work to be done and without changing the functional duties that existed previously, that is, in the same way as was done in the years of the stagnant period. That is why there are three main points that need to be explained to everyone in the process of preparing for the transition to the new wage rates and salaries:

- the amount of work to be done by everyone must increase after the transition to the new conditions of remuneration;
- the state is not allocating an additional wage fund to pay the difference between the new and old wage rates and salaries;
- to cover payment of the wage so as to take into account introduction of the new wage rates and salaries, unused wages have to be found right within the enterprise, which means either increasing output or reducing the number of workers, engineering and technical personnel, and employees. There are no other ways.

These main lines of restructuring management of the economy in cement production make it possible for every worker in the plant to take a most active part.

The task of workers' councils is also defined on the basis of what we have said. Even though the USSR Law on the State Enterprise spoke in great detail about their rights, they are at present duplicating the work of the trade union committees in the literal sense of the word. Yet introduction of economic methods of management affords them a broad field of activity.

The experience in restructuring the work of the collective of the Nevyansk Cement Plant in the context of the economic reform and the USSR Law on the State Enterprise has shown that the success of the enterprise's activity depends first of all on the actions of managerial personnel. The attention of plant party organizations and all specialists must also be concentrated.

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## POLICY, ORGANIZATION

### **Draft Law on Output, Consumer Protection Evaluated**

18270093 Moscow PARTIYNAYA ZHIZN in Russian  
No 6, Mar 89 (signed to press 6 Mar 89) pp 34-38

[Article by I. Isayev, deputy chairman of the USSR State Committee for standards: "So That Products Satisfy Consumer Requirements"]

[Text] The Soviet people are widely discussing the draft of the USSR Law on Product Quality and the Protection of Consumer Rights. The propositions contained in this document change the practices of setting standards for, evaluating and monitoring product quality, insure strengthening the dependence of prices on the quality of the items, and expand the participation of citizens in protecting their interests through consumer societies that are founded on a voluntary basis.

In publishing a selection of materials devoted to the law's draft, the editors invite readers to participate in its discussion and share their experiences in the party's influence on organizing the work to improve the quality of work and products.

The draft of the USSR Law "On Product Quality and the Protection of Consumer Rights," which has been published in the press, was developed in accordance with the instructions of the 28th CPSU Congress and 19th All-Union Party Conference. Its essence and purpose consist of raising the technical level and quality of products in every possible way. This is a matter of great political and economic significance.

Without realizing what ensures quality and without learning to take into consideration losses from rejects and, correspondingly, the expenditures required for making good quality and competitive products, it is impossible to carry out the economic reform. No matter what very important developmental priorities we talk about during the present stage, we inevitably encounter the solution of questions concerning quality.

The new law has been called upon to establish a legal basis for implementing the strategy that the party has worked out to improve product quality, satisfy more fully the growing needs of the national economy and the population, and improve the Soviet people's work and living conditions, the protection of their health, the protection of the environment, the steady and dynamic development of a socialist economy, and the growth of the country's export potential. The draft defines and legally consolidates the treatment of participants in public production during the development, production, sale, and use of scientific, technical, industrial, construction, and agricultural products and also the terms connected with insuring the quality of transport, supply, trade, and other services.

A common law on quality is being developed in our state for the first time. Until now, the legal regulation of quality questions was carried out in many norm acts: governmental, branch, departmental, republic, enterprise, and association ones.

The task now consists not only of incorporating the most important and fundamental propositions into one document but also of introducing a system of legislation in the quality area that is in compliance with those basic changes which are occurring in the activity of all links in the national economy as a result of implementing the radical economic reform. This approach has been clearly reflected in the draft law which should become an element in forming a state of law. Its norms and propositions have been subordinated to the interests of the consumer, first and foremost, the ordinary individual and purchaser. Whereas enterprises can defend themselves today when they wish, this is very difficult for an ordinary purchaser to do. Alone, he is practically unable to resist the dictates of the producer. That is why the draft law, which affirms the priority of the consumer, expands his rights and, at the same time, legally strengthens the status of consumer societies and unions—a practice in many countries that has proven capable of firmly defending the interests of their citizens.

Of course, a counterweight to the monopoly position of the supplier is also required at the enterprise level. The combining into cost accounting associations, which are established with the concurrence of labor collectives, should strengthen their legal protection. Such associations of enterprise consumers will permit them to decrease their dependence on the manufacturer through their joint efforts. For example, their own enterprises for acquiring, producing, and preparing for use the materials and components, which are required for the production of high quality and competitive products, can be established within the framework of the associations.

Such antimonopoly measures as the conducting of fairs and auctions by associations and their participation in monitoring the validity of prices for required products, will contribute to the development of socialist competition and the expansion of the opportunities for a consumer to choose a product that he needs.

First and foremost, the observance of consumer interests is realized in practice through the broad participation of associations of enterprises, consumer societies and USSR citizens in the preparation of legislative acts and in the development at the state level of the most important avenues for improving product quality. The guaranteed right to participate in the development of standards, specifications and other norm and technical documents for products is also being granted to enterprise consumers and consumer societies. Thus, they are being given an opportunity to influence the establishment of requirements for product consumer qualities directly during the documentation preparation stage which is a mandatory one for development engineers and manufacturers in our country.



Nevertheless, if quality should turn out to be not that which was counted on, those propositions of the law, which permit the consumer to be protected and the slipshod worker to be punished, should enter into effect. A mechanism has been established to implement the norms that define the rights of the consumer in the event he acquires a product that is of improper quality.

The draft of the law proposes the clear granting of the right to choose to consumers: Demand that the item be repaired, that it be replaced, or that his money be returned. In this regard, the total repair time during the guarantee period should not exceed 20 days and the warranty shop is obligated to provide a similar item during this time for the "victim's" use. If the warranty shop cannot provide a replacement, it should compensate him for this by paying a fine for each repair day. I will also point out the following important item: The purchaser is freed of the necessity to deliver the item himself for repairs and to pick it up. This should be the duty of the shop itself. It is also being proposed that the manufacturer's warranty obligation be extended by the time during which the buyer is deprived of the opportunity to use the purchased item.

The introduction into practices of such a concept as compensation for moral damages has fundamentally important significance. What does this mean? If the manufacturer refuses to satisfy a citizen's demands voluntarily, a court—having recognized them as being just—pronounces a judgment regarding an additional payment to the plaintiff of a portion of the retail price for the product that he purchased. One must assume that this will permit one to struggle successfully against the red tape and various types of bureaucratic devices which so frequently try the consumer's patience today.

Scientific and technical progress is bringing ever more complicated items into our life—items which often represent a danger to an individual's life and health. That is why the consumer should have reliable and exhaustive information about the quality of the product that he is acquiring. For example, the information, which the manufacturer reports about a technically complicated product, medicines, food products, pesticides, fertilizers, and other goods that can be a danger in themselves, should—without fail—point out the ways and rules for using and storing them. The seller reports the consumer qualities and qualitative characteristics of such a product to the buyer through instruction manuals, by means of markings, with the help of labels, or some other way acceptable in some service area or other.

A special article provides for insuring the safety of the people's lives and health: Citizens should be guaranteed that the food products, cosmetic items, structures, and electrical power have been developed in compliance with all required medical, sanitary and hygienic norms that rule out the risk of injury, illness and death.

Material responsibility for damage caused by poor quality products that contain design, formula or other production defects is strictly regulated. We are talking about the damage that can be inflicted on the person or property of the buyer. Responsibility ensues regardless of the guilt of the one causing the damage. A court judgment requires that all batches of the product, which are admitted to be of low quality, be removed from circulation and use by citizens and that the manufacturer be compelled to compensate for the corresponding losses.

When developing a legal act that will be in effect for a long time and when considering the prospects of the economic reform and the development of economic and production relationships during it, the draft's authors were not able to take into consideration the realities of the present transitional stage at the same time. It is known that, with the shift to cost accounting and self-financing, many producers do not even think it necessary to conceal their desire to guarantee their financial prosperity primarily at the expense of gross output, price increases and a disproportionate improvement in product quality.

All this has predetermined the need to strengthen legally the economic mechanism and the economic levers and incentives which create the preconditions for insuring the high quality and competitiveness of the products, works and services produced under the conditions of the democratization of public life and for combining the economy's centralized planning management with the expansion of commodity and monetary relations and socialist competition.

A meeting of the CPSU Central Committee Politburo on 5 January of this year confirmed the correctness of the selected structure for the law's draft. It pointed out, in particular, that the "legal norms (which are contained in the draft of the law) have considerable importance for organizing the work to improve product quality."

With the introduction of the new law, the organizers of industry, specialists, workers, kolkhoz members, and party workers will receive an odd work algorithm. This document lists all the requirements for quality and the conditions for insuring it and clearly regulates the rights, duties and responsibility of each participant in the production process.

The new draft provides scientific research institutes, design bureaus, plants, and all enterprises and organizations specific capabilities and privileges in developing and producing truly modern products that the national economy and the population need. In doing this, material incentives, which impact on quality through pricing, financing, credits, material incentives, the granting of a whole number of preferences, etc., are being used.

At the same time, the state is providing support to labor collectives that develop and produce new competitive products. Let us take the state appraisal of quality. It is being introduced to replace the certification of products according to two categories. Its compulsory nature has been turned around by the fact that enterprises either have tried to push the State Seal of Quality on products that clearly do not deserve it or have avoided certification entirely.

The state quality appraisal is a matter that is particularly voluntary. If an enterprise wants to have more economic blessings by producing high quality products, it submits the product on its own initiative to the competition for the quality certificate. The certificate provides quite a few blessings. In particular, the norms for deductions from profit for the state budget are reduced.

Only products, for which a certificate of its compliance with state standards and specifications has been issued, are submitted to the state quality appraisal. This is not a customary matter for our producers.

During the draft's discussion in the periodical press, many economic managers called this form of product evaluation farfetched and unnecessary. Meanwhile, certification is accepted everywhere in the industrial world and is hardly an unimportant condition for a product's competitiveness. Here is why. Today, it is not enough to produce products of high quality—it is necessary to be able to confirm this using the authority of an independent organization. Certification, which translated from the Latin means "it has been made correctly," serves these purposes. The certification of products is based on the results of testing whose methods, amount and procedures are established by the appropriate standards.

Quite a bit of experience in developing and using a complex system for managing product quality (KSUKP) has been accumulated in our country. Today, it is necessary to attune it to a specific type of product and to specific production. It is also necessary to see to it that plant systems for insuring quality correspond to International Standards Organization (ISO) requirements.

The law grants to each manufacturing enterprise the right to submit on its own initiative a request to the USSR national certification agency for the conducting of an evaluation of its system's compliance with ISO standards. Those enterprises, in which KSUKP has been introduced not for "ticket punching" and not for window-dressing but as a natural instrument for working on quality, are practically prepared for this examination. The labor collectives in the Leningrad Elektrosila Association, Belorussian Minsk Motor Vehicle Works, Donetsk High Voltage Support Plant, Moscow Fat Combine, Poltava Synthetic Diamond Plant, Volga Motor Vehicle Works, and many other enterprises are prepared to conclude contracts with foreign firms and maintain the compliance of the products, which they produce, with international requirements.

No matter how improved a quality control system associations and enterprises introduce and no matter how good the orders they develop are, the main thing in the production process remains the individual and his attitude toward work. The new economic conditions force one to think about the human factor's importance in a new way. Strict exactingness toward the quality of work and its results, responsibility and self-discipline should become the norm at each work position.

In this connection, the organic link between product and service quality and the work of a specific executor, which the draft law stipulates, is acquiring primary importance. The new draft law proclaims that product quality is the main criteria for differentiating the wages of enterprise workers. The amount of wage should be set in direct dependence on the quality of items and services. It can be paid in the full amount only for products and work that are in complete compliance with the requirements for quality.

Each worker, specialist and director should be responsible to the collective, which has a right to decide about their material responsibility for the manufacturing and production of poor quality products. At the same time, based on a decision of the labor collective council the administration can award to workers, who insure high steady quality, the title of "Master of Quality;" this should be confirmed each year. The administration stipulates additions to pensions for those who have been awarded this title for 10 years in a row.

It is necessary to prevent defective goods and avoid them during the work process. This is not only a technical question it is also a moral one. The task consists of rearing a socially active worker who is demanding not only on himself but also on those around him. It is necessary to remember that the one who is performing the next operation is your consumer. If a worker sees that poor quality raw material and materials or, for example, a machine tool is floundering, he is obliged to halt the production process.

Modern-day production, which is noted for its use of very complicated equipment, requires an ever higher level of professionalism, skill and specialization in specific operations. Those, who have not undergone training and certification on the qualitative performance of the technological operations entrusted to them, are not allowed to do the corresponding work. A concern for quality should permeate the entire activity of each manager and each executor.

The general compulsory education on quality, which began in 1986, has played a large role in improving the qualifications of workers at all levels—from the ordinary worker to the director of the enterprise. However, it has gradually come to naught. Meanwhile, it is impossible to be up to modern requirements without constantly studying progressive domestic and world experience and the latest achievements in science and technology. The idea

that the developers of new production facilities and production processes are obliged to prepare recommendations for training personnel within the technical documentation, deserves attention. They develop training programs, training aids, trainers, and other technical training systems on a contract basis.

The problem of radically improving product and service quality is so diverse and complicated that its successful solution is only possible through the combined efforts of all participants in the production process. One of the most important collective forms for the broad masses of workers to participate in insuring product quality is the quality group. As experience shows, the creative search which these groups perform to improve production technologies, work organization, work position streamlining, and defect prevention serves as an inexhaustible source of reserves for improving quality.

At the present time, quality groups are operating in 15,000 enterprises and associations, and more than 600,000 people are engaged in them. It would seem that the scope is impressive. Here and there, however, groups exist only on paper.

The draft of the law requires the enterprise administration to establish conditions for the quality group's effective work. Not one of the proposals being introduced should go without attention. There is nothing more destructive to initiative than a scornful attitude toward people's recommendations.

It is very valuable that many primary and shop party organizations have actively included themselves in the process of instilling a respect for work and product quality in the workers. This is understandable: The conscience and morals of a Soviet worker are the most reliable way to protect against defective goods and poor quality work and a guarantee of high quality.

Using political methods, party organizations in progressive enterprises are objectively evaluating the work results of the members in their collectives and are contributing to the incorporation of progressive examples of work and struggling against the individual and group selfishness of people. In mobilizing communists and workers for highly efficient and quality work, party organizations are primarily directing their efforts toward the smooth operation of the production conveyor line and struggling against rush work.

The party agencies—from the party buro and party committee to the party gorkom and obkom—which are now working to establish a harmonious and permanently operating quality control system that provides for the regular hearing of the tasks of communists in implementing the Quality Program during plenums, buro sessions and party meetings and for the participation of economic managers and trade union, Komsomol and other public organizations in quality days, exhibitions and contests

and in the study and dissemination of progressive experience in quality control, are acting correctly. Many party committees and organizations are acting this way. The party organizations and labor collectives in Leningrad and Gorkiy and Kuybyshev and Odessa oblasts have accumulated good experience in improving quality.

The Kolomenskiy Standardization and Metrology Center is cooperating beneficially with the city's party organizations. During the last two years, the party gorkom buro has heard reports five times by the directors of party committees and leading enterprises on questions concerning improving the technical level and quality of the products being produced in the region. A complex program for improving the quality of building materials and components was compiled with active party support. The program has a long-term nature, but it is already providing appreciable results today. The quality of brick, sanitary engineering booths and a number of joiner's items has been improved.

The adoption of the law on product quality and the protection of consumer rights will undoubtedly play a large political, social and economic role. In each collective, every worker should understand the law's essence, become permeated by its spirit and confirm it with daily persistent and conscientious work. Only in this case will the law "work".

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#### **Better Ways to Utilize Market Presented**

18270084 Moscow PRAVITELSTVENNYY VESTNIK  
in Russian

No 6, Mar 89 (signed to press 20 Mar 89) pp 11-12

[Article by O. Bogomolov, academician: "We Are Overstepping Dogma"]

[Text] The digging of useless canals, land reclamation that destroys nature and does not bring any return, billions buried for long years in incomplete construction projects, unparalleled losses of agricultural products, unjustified subsidies for unprofitable enterprises—it is possible to save quite a large amount of state money through these. Opportunities for reducing budgetary expenditures and normalizing the economy's financial condition are being found along these avenues.

An additional increase in commodity stocks for sale to the population and cooperatives during 1989 is among the planned measures.

I would like to dwell on the problem of expanding the supply of goods. Specialists estimate the unsatisfied demand in the consumer market to be 70-150 billion rubles (i.e. from one-fifth to two-fifths of the annual commodity turnover). The fact that it might be considerably more is not even excluded. This money lies heavy on the market, disorganizes it and looks for a commodity

covering. The state should issue goods against it and withdraw it from circulation. This will normalize the market and monetary circulation radically. In a word, it is necessary to pay off part of the debt owed to the people.

In a balanced market, money is a real purchasing resource in the hands of each consumer and the economy receives effective incentives. Our money is not supported by goods, and this is very dangerous. The economic reforms can stumble here since what sense is there in trying to increase wages through more productive and quality work if it is difficult, at times, to satisfy even simple and everyday needs. It is not easy to dress well and to get a pass to a health center, holiday hotel or holiday home. It is even more difficult to purchase a car—even if one has accumulated the money. Very few can travel abroad as tourists. It is quite complicated for a city inhabitant to acquire or build housing or a dacha using his own money.

From the experiences of other countries, we know that in a modern developed society it is these listed needs that are becoming a strong motive which impels one to raise qualifications and the return from work. They are emerging as powerful engines of economic and social progress. For a long time, we did not think about expanding the market and including new goods in it; in general, much was withdrawn from circulation thinking that it was necessary to curtail the market under socialism—otherwise, a rebirth of capitalism would threaten us.

I have in mind apartments, individual houses and land that is allotted for homes, dachas and garden plots. It is evidently possible to sell small enterprises, which provide trade and other services and goods that are produced for the population, to cooperative family collectives on a broader scale—especially those that are unprofitable. It is necessary to develop a market for securities—shares and bonds—gradually. It can absorb a part of the asset accumulations of enterprises, cooperatives and the population provided, of course, that the securities will bring an income, which is considerably greater than the interest on deposits in a savings bank, to their owners.

Of course, it is not easy to shift to market relationships in the above listed areas. Ideological doctrines, psychological unpreparedness and social difficulties are interfering. However, it has already been announced that those who wish to do so can purchase the state apartments they occupy and convert them into their personal property with the right to pass them on to their heirs. However, this is not enough to make a market in apartments appear and the state housing fund participate in the commodity support of our ruble which is losing its prestige.

Why should we ignore the natural desire of many people to own their own home and the land on which it stands or their apartment so that it can be reliably passed on to

their relatives without resorting to tricks and exchanges? Why should people eternally depend on the favorable disposition of the bureaucrats distributing housing and abase themselves, begging for improved housing conditions from them? Ask any worker what he prefers: to have a free apartment whose receipt depends not on his work contribution but on the will of the authorities; or the opportunity to earn money and freely purchase it?

The receipt or purchasing of housing as personal property would permit—if not the withdrawal of tens of billions of rubles from circulation—in any event, the limiting of their use. This would help to put a brake on the inflationary process. Moreover, world experience testifies that the presence of a housing market rationalizes its distribution. How much of our area is empty and how many people would prefer to have a more modest apartment and to sell or rent the surplus?

At times, however, socialism is rigidly linked with free housing and other benefits. In a majority of the socialist countries, meanwhile, apartments belong to their owners based on cooperative or personal property rights. In any case, however, since the percentage of state housing in our country is high, the practical question arises of how to include it in market relationships without violating social justice.

Evidently, it will be correct to transfer housing without payment as personal property to the population layers with low incomes, to sell it to those having an average income under preferential conditions and, in the future, to construct the living wage and, therefore, the entire wage scale with a consideration for the natural right of each member of society to earn fitting housing for himself. It is necessary to establish a delicate mechanism for transferring or selling it to the workers, for example, to establish some minimum per-capita income. If an apartment owner has an income higher than the minimum, he should pay for it—completely or partially with a longer or shorter installment plan.

It is necessary to make an apartment tenant an apartment owner for many reasons. He will become the owner of a vitally needed benefit which he will be able to sell or transfer to his heirs. This is a powerful incentive for raising the return of labor. The receipt of housing as personal property either for free or for a small cost will compensate many for the losses connected with the increase in prices, inflation, etc.

The market cost of housing, which is determined by supply and demand, will—of course—increase. Thus, the purchase of an apartment is an investment of money which protects them against depreciation.

The same thing also pertains to plots of land for constructing dachas and houses and for cultivating gardens and kitchen-gardens. We have a surplus of land that is barren, removed from circulation and unsuitable for collective agriculture. Even around cities, land is not



being worked, does not bring an income and is overgrown. Why, it is being asked, has national property been transformed into a no man's land? Is it not better to transfer, sell or lease it to those who will rest on it or cultivate it? Why not give the owners of dachas and gardens the right to purchase the plot so that it will really belong to them and so that it will be possible to inherit it or sell it when necessary?

A differentiated approach is probably also needed here. It is necessary to give plots of land, just as quarters, without compensation to those who have incomes less than a certain limit (let us assume, less than 100 -150 rubles per family member). Those, who possess sufficient assets, should pay. Of course, an installment plan and different types of preferences are possible here. In order to confirm the "earning nature" of money, it is possible to use income declarations as is done in all the civilized world, and to introduce a system for financial control. Naturally, the market in plots of land needs regulation: for example, in establishing the maximum permissible sizes, rules for making transactions, etc. The sale or transfer of a portion of the state's land fund to those, to whom it properly should belong, will permit a certain amount of "extra" money to be withdrawn.

The shift to a joint stock form of ownership will help to normalize the country's finances and our monetary circulation. The purchasing of an enterprise by its collective and the issuing of shares and bonds will permit the state to withdraw quite a bit of money from circulation by selling fixed capital to those who work in it.

Purchasing is still taking place in the following manner: They obtain credit from the state and purchase fixed capital using this credit; subsequently, they pay back the credit. If you guarantee a higher interest rate for shares than a savings bank does (not the two percent which does not even make up for losses from inflation, but, for example, seven-eight percent), it will be possible to

mobilize the assets of many workers. The main thing is for the "no man's land" to acquire an owner and enterprises to be transformed from nonprofitable ones into profitable ones.

Moreover, having saved a portion of the construction projects having no future, the state can—in my opinion—seriously expand the sale of construction materials to the population as well as the sale of machine tools, machinery, transportation assets, and premises for cooperative and individual labor activity.

It pays to purchase certain types of domestic items abroad, especially personal computers and videotape recorders. This is being done in all the socialist countries since these items provide a colossally high profit with present domestic prices.

One can object that we do not have any free foreign currency since our balance of payments is in deficit. Unfortunately, we are spending an enormous amount of money to import grain and rolled metal which we could produce ourselves with a wise policy and economic relationships. We are buying abroad equipment which is not installed for years and which grows obsolete. It is necessary to make the appropriate move. I am not suggesting that we go further into debt. It is easy to fall into a credit "trap" as has happened, for example, with Poland. Credits are granted at a very high interest rate. If one uses them for consumer needs, you will not pay them off later. However, it is simply not necessary to expend part of our foreign currency assets to purchase consumer goods. For this, it is necessary to change the procedure where the currency exchange is divided not in accordance with the principles of maximum effective use but in accordance with the economic strength of the individual ministries.

It is possible to normalize the market in a comparatively short time, but strong political will is required to do this. If we do not want to encounter serious economic and social consequences, it is necessary to cast off many prejudices and act decisively.

## FUELS

### Methodology for Petroleum Products Price Formation

18220089 Moscow *FINANSY SSSR in Russian*  
No 3, Mar 89 pp 36-38

[Article by Acting Professor M.M. Melnik of the Kuybyshev Planning Institute: "Improving Price Formation and Taxation of Petroleum Products"]

[Text] The delivery of petroleum products is currently done at different prices. The petroleum refineries sell petroleum products to enterprises in the petroleum-products supply system at wholesale enterprise prices, and they sell them to consumers at wholesale prices for industry. The petroleum-products supply enterprises settle up among themselves at intra-system prices, and they can receive the same petroleum product from various suppliers at different intra-system prices therein. A tank farm located on the territory of the UkSSR thus receives diesel fuel from a supplier located in the RSFSR at a price of 53 rubles a ton, from a supplier in the UkSSR at 52 rubles 12 kopecks and from a petroleum-products pipeline administration at 53 rubles 50 kopecks.

This is explained by a specific feature of the formation of the income of petroleum-products supply enterprises that differs fundamentally from that prevailing in other sales and supply organizations. The principal source of income for the majority of sales and supply organizations is markups over wholesale prices exacted in their favor from consumer enterprises and discounts from wholesale prices offered them by the manufacturing enterprises. The basic income in the petroleum-products supply system is formed through the difference between the higher wholesale prices of industry, according to which enterprises engaged in deliveries sell output to consumers, and the lower wholesale prices of the enterprises at which they obtain it from the petroleum refineries. The enterprises in the petroleum-products supply system pay sales taxes to the budget based on this difference, pay the cost of delivering the petroleum products from the producers to the areas of consumption, recoup their expenditures associated with storage, preparation and sale of petroleum products and obtain a certain profit. The income of the petroleum-products supply system in the process of moving the petroleum products from the petroleum refineries to the consumers is distributed with the aid of intra-system discounts among all of its echelons taking part in this process. Intra-system prices for petroleum products are set based on the intra-system discounts via the elimination of sales taxes and discounts from the wholesale price for industry. The intra-system discounts are thus actually prices for the services of delivering petroleum products, and they should fulfill a pricing role thereby, reflecting socially essential expenditures for the transport, storage,

preparation and sale of petroleum products and providing a corresponding profit for all normally operating enterprises engaged in the delivery of petroleum products.

Before 1986 the intra-system discounts were set in percentages of the wholesale prices for industry for petroleum products. This provision had a number of serious drawbacks.

1. The percentage discounts, being linked with the wholesale prices for petroleum products, did not reflect the overhead expenses of the petroleum-products supply system and did not provide for the profitable operation of all tank farms and territorial administrations of the republic state committees for the supply of petroleum products [Goskomnfteprodukt].

2. The percentage sales discounts created different profits even from the sale of petroleum products from the same mix. With almost identical expenses for transport, receiving, storage and sale, the discount for AI-93 gasoline in value terms was 27 percent higher than that for AI-76 gasoline.

3. The system of percentage discounts provided no incentive for enterprises engaged in the delivery of petroleum products to reduce their own expenditures, since the steady rise in prices for petroleum products made it possible for tank farms to increase their income and profits even with some growth in overhead.

4. The percentage discounts made the income of the tank farms dependent on the mix of petroleum products sold, which made it more difficult to plan the financial results of their business activity.

Starting 1 Jan 1986, USSR Goskomnfteprodukt replaced the percentage discounts with fixed intra-system ones in rubles for a ton of petroleum products delivered. The new discounts were more closely linked with the overhead expenses of the enterprises engaged in the delivery of petroleum products, and the difference in the levels of profitability of individual republic state committees for the supply of petroleum products decreased as a result. The institution of fixed discounts ruled out the possibility of tank farms receiving income through price increases for petroleum products and the sale of expensive types of petroleum products. The planning of income from the sale of petroleum products was simplified at the majority of tank farms. It was not possible, however, to resolve completely the problems of supporting the unprofitable operations of all territorial administrations of the republic state committees for the supply of petroleum products and to create conditions for the receipt of identical incomes from the sale of various petroleum products at all enterprises in the system.

These problems, as practice has shown, cannot be solved either through differentiating discounts or through regulating the sales tax payments to the budget by individual administrations of the republic state committees for the supply of petroleum products. All of this leads just to the formation of a multitude of differing intra-system prices for identical petroleum products and makes the planning of the results of the activity of enterprises engaged in the delivery of petroleum products more complicated.

These problems can be solved, however, by fundamentally altering the procedure for the formation of income in the system of petroleum-products supply. The income of this system should not depend on the level of two types of wholesale prices for petroleum products and on the complex system of sales tax scales with discounts and surcharges. The residual method should be used not in forming the incomes of enterprises engaged in the delivery of petroleum products, but rather in calculating the sales tax payments to the budget, as is done for the majority of consumer goods. Intra-system price formation for petroleum products and the sales tax payments to the budget should be based on the following principles therein:

1. All transactions for petroleum products being supplied by petroleum refineries and for petroleum products being delivered by certain enterprises in the system of petroleum-products supply to other enterprises in that system should be carried out at the wholesale prices for enterprises. The cost of the petroleum products stored at all enterprises engaged in the supply of petroleum products would thereby be made identical. This would ease accounting and hinder the abuses whose cause could currently be the different prices for one and the same petroleum product coming to the tank farms from suppliers located in different republics.

2. The transactions of enterprises in the system of petroleum-products supply with the ultimate consumers (industrial enterprises, farms, construction and transport among others) should be carried out, as they are currently, at the wholesale prices for industry. The income will be formed through the difference between the wholesale prices for industry and the wholesale prices of the enterprises. It should not remain entirely within the system of petroleum-product supply, however. The enterprises engaged in deliveries of petroleum products will keep just that portion of the income that ensures them complete economic accountability [*khozrashchet*] and self-financing. An income scale that is uniform for all petroleum commodities should be established for that purpose for all the republic state committees for the supply of petroleum products, in accordance with which scale the enterprises engaged in the delivery of petroleum products would allocate themselves the funds for each ton dispatched both to the immediate consumers and to the enterprises of their own system or for export. These income scales should provide for an approximately equal profit from the delivery of one ton of petroleum products. The size of the income scales could possibly be calculated on the basis of reported data on sales volumes and spending on capital repairs and construction, overhead expenses, income and the profitability of republic state committees for the supply of petroleum products under the prevailing system of price formation and taxation.

We cite data on the prevailing intra-system discounts, proposed income tables and changes in the average profits from the delivery of one ton of petroleum products by state committees for the supply of petroleum products of the union republics (table compiled according to reporting data of for 1986).

Goskomnfteprodukt	Prevailing intra-system sales discount, rubles	Proposed income scale, rubles	Average profit from the delivery of one ton of petroleum products, rubles	
			Current	With institution of income scales
RSFSR	4.0	6.0	1.36	2.09
Ukrainian SSR	4.0	4.0	1.99	2.14
Belorussian SSR	4.0	4.0	3.01	2.05
Uzbek SSR	4.0	4.5	4.84	2.04
Kazakh SSR	4.0	6.5	2.60	2.39
Georgian SSR	4.0	4.5	1.93	2.29
Azerbaijan SSR	4.0	5.0	3.64	2.31
Lithuanian SSR	4.0	4.0	4.11	2.33
Moldavian SSR	4.0	4.5	2.38	2.14
Latvian SSR	4.0	3.0	2.58	2.34
Kirghiz SSR	8.0	7.0	2.93	2.44
Tajik SSR	12.0	10.0	4.47	2.46
Armenian SSR	4.0	4.0	4.18	2.47
Turkmen SSR	8.0	8.5	2.73	2.42
Estonian SSR	6.0	5.5	3.09	2.27
Average across USSR			1.94	2.14

3. The difference between receipts from the sale of petroleum products to the consumer and the sum of their procurement value and the incomes figured in one's own favor are recalculated by the enterprises engaged in the supply of petroleum products to the budget in the form of sales taxes.

In connection with the fact that the system of petroleum-products supply is highly profitable (in 1986, after the payment of sales taxes to the budget, its profitability level was 65 percent), the stability of the receipt of income to the budget will be guaranteed.

4. The republic state committees for the supply of petroleum products should be granted the right to differentiate the income scales by territorial administrations with the preservation of the total sales tax receipts to the budget for the republic overall.

The reform we are proposing for price formation and taxation for petroleum products has a number of advantages. First of all, it will facilitate a strengthening of the financial position of enterprises and the elimination of their losses and make possible the creation of conditions for raising the effectiveness of economic accountability and self-financing in all sectors of the national economy. The income of tank farms will not now depend on either the wholesale prices for petroleum products or the sales tax scales.

Second, all petroleum products at petroleum refineries and at enterprises engaged in their delivery will be figured in value terms at uniform prices, which will make it possible to eliminate intra-system prices.

Third, planning the income of tank farms and territorial administrations will be simplified. The total income from the delivery of petroleum products will be equal to the product of the quantity of petroleum products delivered and the income scale.

At the same time, the planning of sales taxes is not made more complicated. Data may be obtained from existing reports (supplement 1 to Form 4-SN) on the overall quantity of petroleum products supplied (gross commodity turnover  $T$ ), receipts from the sale of petroleum products to consumers ( $R$ ) and their procurement value ( $V_p$ ). The sum of sales tax payments can thus be calculated according to the formula

$$N + R - (V_p + T \times I),$$

where  $N$  is the total sales tax and  $I$  is the income scale for the given organization in the petroleum-products supply system.

The planning of sales taxes is currently more complex, since it requires calculations for each taxable petroleum product.

Although the incorporation of income scales will reduce the total sales tax payments on petroleum products for the USSR overall by 1.3 percent, the self-support [*samookupayemost*] and self-financing of republic state committees for the supply of petroleum products and their economically accountable enterprises will on the other hand be ensured. Another positive factor is the fact that these enterprises will be able to make payments to the budget for resources being utilized, which they are free of doing today.

#### Coal Mine Accident Causes Told, Remedies Suggested

18220057 Moscow *EKONOMICHESKAYA GAZETA* in Russian No 7, Feb 89 pp 17-18

[Interview with Vitaliy Semenovich Shatalov, Deputy Chairman of USSR Gosgortekhnadzor, by V. Golovachev: "Trauma"; first paragraph is source introduction]

[Text] V. S. Shatalov, First Deputy Chairman of USSR Gosgortekhnadzor [State Committee for Supervision of Safe Working Practices in Industry and for Mine Supervision] tells an *EKONOMICHESKAYA GAZETA* correspondent about problems of the struggle with work injuries in coal-industry enterprises.

[Golovachev] Vitaliy Semenovich, the problems of injuries and accidents during production have been concealed from the public for a long time. Only recently have we found out about the worrisome situation existing in work safety in production in a number of sectors. In December 1988, for example, a special collegium of the USSR Procurator was convened and noted the inordinately high level of injuries in the coal industry. I would like you to acquaint readers in greater detail with the status of accident prevention at enterprises of this sector.

[Shatalov] It must be said right away that work injuries for the country as a whole and for Minugleprom [Ministry of the Coal Industry] in particular are being steadily reduced. But their level continues to be rather high, and the causes of this situation are rooted in the past. At the end of the 1950's and the start of the 1960's, development of the coal industry was slowed. At that time it was considered necessary to give priority to the oil and gas industries. A number of mines that mined steam-grade coal were closed, and not enough resources were allocated to timely rebuilding of the enterprises.

As a result, mine operations began to be developed under temporary plans, and the length of the excavations, main transport lines and ventilation lines grew. The depth of excavation of the coal seams increased constantly, involving an increase in gassings, fire hazards, mine pressures, and rock temperatures in the mines. All this, as well as a deterioration of geological conditions for mining coal, created great difficulties in improving accident prevention.



In order to understand more clearly the problem's severity, I will cite this data. On 1 January 1988 coal and shale were being mined at 521 underground mines and 92 strip mines. Right now the average depth of the workings is 500 meters, with 129 mines operating at a depth of more than 700 meters, of which 33 are more than 1,000 meters deep. Nearly 50 percent of the branch's operating underground mines were put into operation before 1960, and since then they have not been rebuilt once. About 80 percent of the underground mines have a methane hazard, 35 percent of them falling into category 3 and the supercategory of danger. Seventy percent of the mines are working seams whose coal dust presents an explosion hazard, and 174 mines are dangerous in terms of sudden bursts of coal, rock and gas. In brief, conditions are very complicated.

[Golovachev] You have painted a rather alarming picture. But indeed, in recent years the attitude toward coal-industry development has changed for the better. Enterprises now are obtaining driving and excavating cutter-loaders and belt conveyors of a new engineering level. Capital construction is being conducted more purposefully. Can it be that the worries are needless?

[Shatalov] Actually, much has been done recently in the coal industry to make the miners' work more productive and less dangerous. But often the vast resources allocated by the government and Minugleprom for improving working conditions do not bring about the desired results. This occurs in most cases because of significant engineering miscalculations. A graphic example is the recently constructed Sukhodolskaya Vostochnaya (designed by Yuzhgiproshakht [State Design Institute for Designing Underground Coal Mines and Preparation Plants]), the Yuzhno-Donbasskaya No 3 and Komsomlets Donbassa (Dongiproshakht [Donets State Design Institute for Designing Underground Coal Mines and Preparation Plants]), the Komsomolskaya (Kuzbassgiproshakht [Kuznetsk Coal Basin State Design Institute for Designing Underground Mines and Preparation Plants]), and the Shakhterskaya-Glubokaya (UkrNI-Iproyekt [Ukrainian Scientific-Research and Design Institute for the Coal, Ore and Gas Industry]) underground mines. Problems of the maintenance of mine workings and reliable ventilation, the struggle with gas-dynamic phenomena and normalization of heat conditions, and so on were not solved in the best way at these. Note that all these institutes are subordinate to USSR Minugleprom.

Another example. When the ventilation systems of Kuznetsk Coal Basin underground mines were being rebuilt because of gross engineering miscalculations, the powerful fans of the main air passages in a number of cases did not deliver the proper amount of air. And not because of the quality of the machinery. At the Kapitalnaya mine of Yuzhkuzbassugol [South Kuznetsk Coal Basin Production Association] the highly productive

VOD-40 fan of the main ventilator passage was being used at less than 10 percent of its capacity. Yet the cost of one such fan exceeds R1.5 million.

Speaking as a whole, Minugleprom's underground mines are still slow at introducing progressive, safer excavating systems. Thus, nonstandard excavation systems are being used widely in the Kuznetsk Coal Basin. Many problems of safe development of coal mining at Georgian SSR mines have not been solved. More than 20 percent of the sector's breakage faces operate under old nonproductive methods.

[Golovachev] It is not surprising therefore that injuries, including those resulting in death, are rather high in the coal industry. As is known, more than 600 people perish annually in the country's underground mines. And what does an analysis of the accidents indicate? What are the main causes of the unfortunate incidents?

[Shatalov] It must be said that the tragic incidents are not of a mass nature, they are solitary ones, but this is not taken lightly, of course.

The main cause is the engineering policy that was implemented until recently in the industry.

For work safety in the mines is determined to a great extent not only by the condition but by the size of the cross-section of a working. According to recent data, it grew in the country during the last five-year plan by 1.1 square meter and averaged about 9 square meters. Whether this is a lot or a little, judge for yourself: at the underground mines of the Ostravsk-Karvinsk basin in the Czechoslovak Socialist Republic, mine workings are 14.4-15 square meters in cross-section, in the Polish People's Republic 13-15, in France 15.5, and in the FRG 20-26. In these countries the specialists choose the cross-section and the load-bearing capability of the supports from a design for repairfree maintenance of the workings for the whole period of their service.

And what happens at our mines? An average of about 70,000 workers are engaged in the repair and upkeep of mine workings during the year. The cost of repair of one meter of excavation in some cases reaches 200 rubles. In 1987 thousands of kilometers of mine workings were made and strengthened by metal supports, of which 1,200 kilometers were restrengthened. In total, during the year about 2,500 kilometers of workings were strengthened in our mines. Total costs, according to the specialists' calculations, for repair of workings alone were on the order of 500 million rubles annually.

And now about the main causes of the accidents.

Ninety to 93 percent of the fatal cases in the coal industry occur in underground work. The greatest number of them from rock falls while extracting the coal, installing and restrengthening supports (35-38 percent), and during transport of freight and people around the workings (25-30 percent).

Injuries have recently been increasing especially in existing workings, where the environment, it would seem, is safer than at breakage and development faces. This is explained by the poor state of the mine workings. For Minugleprom as a whole, the defectiveness of existing workings, according to the specialists' assessments, has reached 9 percent.

[Golovachev] At coal mines, 850,000 people are working underground. Very much depends on the reliability of the machinery they are using. Could you describe the engineering level of the equipment being operated in underground coal mines?

[Shatalov] Perhaps it will be difficult to call the evaluation rosy. Thus, 45 percent of the underground installations, 29 percent of the ventilation systems, 41 percent of the compressor installations, and 70 percent of the breakage-face cutter-loaders do not come up to the modern technical level. The AM-8D type electric locomotives now being used widely have an unsatisfactory braking system, they are not equipped with an enclosed cab, and their operator has limited visibility, a factor that leads to a high accident rate during operation. There are also, it is true, new electric locomotives, of more modern design, but extremely few have been built. Judge for yourself. The main developer and manufacturer of electric locomotives—Minugleprom's Druzhkovka Machinebuilding Plant—produces 1,300 obsolete AM-8D locomotives each year and about 210 electric locomotives of new and improved design (the ARP-10, ARP-14 and ARP-28).

The introduction of packaged and containerized hauling of materials could not be worse. Its use for delivering local materials, reinforced-concrete items and arch supports alone would eliminate labor-intensive and dangerous operations in the transshipping of these materials. Moreover, about 27,000 more workers would be released and, what is no less important, it would improve work safety in underground mines as a whole.

We have major complaints against the industry's science. There are not even instruments for monitoring the dustiness of the mine's air and the dust content of mine workings, this being well known to Minugleprom. It has repeatedly charged its institutes with developing such an instrument, but the matter has gone not further than producing models. For example, the Ikar instrument for monitoring the dust content of air was demonstrated with pomp at exhibitions in single copies. And it was delivered for use in production work—and turned out to be unsuitable.

USSR Minugleprom has in recent years issued a number of orders about strengthening accident prevention. But because of the irresponsible attitude of some supervisors of enterprises, much of what the ministry has contemplated has not been done. The use of progressive schemes for ventilating mine workings is not being expanded, and the ventilation of cul-de-sacs has not been improved sharply. As before, degassing effectiveness remains low and measures planned for supplying the mines with loudspeaker communications equipment and for giving notification of accidents has been disrupted. So it is that the field of activity for science and Minugleprom enterprises themselves is truly unlimited.

[Golovachev] However improved the machinery may be, underground work nevertheless remains dangerous. Therefore I would like to know: what is the outlook for organizing unmanned technology for mining coal in our country? For it is already being used fairly widely abroad.

[Shatalov] No matter how bitter it is to acknowledge, work on creating and introducing equipment that will support unmanned coal extraction is proceeding at a slow pace. For more than 10 years Minugleprom's Kiselevsk Machinebuilding Plant has not been able to arrange for series production of the AK 3 unit, which will enable coal mining to be performed without the constant presence of people at the mine face. At the same time, the Rudkole company (FRG), which in 1979 purchased a license from us for manufacturing the breakage unit, has already arranged series production for it. Can it be that, after publication of our interview in *EKONOMICHESKAYA GAZETA*, Minugleprom will roll up its sleeves?

[Golovachev] One of the main causes of accidents and injuries, as statistics will attest, is the low quality and, often, even the absence of planned preventive maintenance and technical servicing of the equipment. At a number of mines, according to our specialists' data, repair and developmental shifts are utilized almost completely for mining coal. Machinery and equipment operate to the point of wear and are repaired only in case of an accident. What factors could have given birth to such a situation?

[Shatalov] There are many causes. First of all, the continuous mode of operating the underground mines that the branch adopted early in the 1960's promoted this. The enterprises do not even have special dates when they can engage earnestly and effectively in repair and preventive maintenance of the mining equipment, especially that which is stationary.

If you compare ours with foreign experience, then the comparison again is not in our favor. In the European socialist countries (the Czechoslovak Socialist Republic, the Polish People's Republic and the Hungarian People's Republic) and other countries with a developed coal industry, the mines operate for an interrupted work week

and a common day off—Sunday. Right off this is placed at the full disposal of the repairmen. Nothing, I think, would have prevented Minugleprom from obtaining this experience.

[Golovachev] The status of most underground mines in regard to mine-geology conditions and level of mechanization of the work are similar, but the situation with regard to injuries at them vary, often fairly greatly. How can this be explained?

[Shatalov] First of all, I will cite these figures in reply. In 1988, 232 underground mines did not have fatal injuries. At the same time, 58 percent of all the branch's injuries occurred at 121 mines. The facts indicate: misfortunes during production are not an absolute inevitability.

Work with personnel and energizing the human factor are of exceptional significance by virtue of the specific conditions of production. Experience shows that violations of the safety rules do not arise by themselves—they are created by people, most often of all by workers right at the mine faces. What drives them? First of all, a striving to get the "necessary" production volume more simply and with the least effort and material expenditures. As a result, the way is paved for accidents and unfortunate incidents to occur within the working collectives.

It is gratifying that there are examples of an opposite nature. In 1983 the initiative of Karaganda miner Akkoshkarov was propagated in the coal industry. His driving brigade took upon itself collective moral responsibility for the state of accident prevention. The brigade of Vorkuta's Tsentralnaya mine under Naydenov concluded an agreement with the administration on pecuniary responsibility for violation of the safety rules, production injuries and the accident rate. The results were not slow in showing that injuries and accidents on their part have practically disappeared. There are many such collectives now, but not as many as one would like.

[Golovachev] In socialist countries (Poland and Hungary), state inspection organs have the right to impose a fine on any worker—from blue-collar worker to the general director. In Czechoslovakia state inspection has even been granted the right to decide to incarcerate guilty production managers for several weeks. And how do matters stand with the rights of USSR Gosgortekhnadzor?

[Shatalov] We find more than 1.5 million violations of safety rules annually. We not only take measures to eliminate them, but we also try to eliminate the causes. In those cases where a threat to workers' lives is created,

we stop work until the violations are eliminated. We transmit our information to the investigative organs. We also send representation to higher control organs suggesting the removal of specialists who are guilty of having created dangerous work conditions.

Basically, we take disciplinary action and we impose fines for accident-prevention violators. But we can fine only engineers and technicians; we do not have this right in regard to direct violators among blue-collar workers. Why? The AUCCTU opposed it. The position they have taken gives birth to a belief by workers that they are not responsible for observing the work-safety rules. Experience confirms this precisely.

[Golovachev] All coal-industry enterprises transferred to economic accountability in 1989. Apparently because of this, it is also necessary to bring into action economic levers for controlling the process of creating safe and healthy working conditions. I would like to find out what is being undertaken in this area.

[Shatalov] Until now organizational work on accident prevention has been conducted in the national economy, particularly in the coal industry, by so-called administrative-command methods. Tens and hundreds of thousands of violations of the accident-prevention norms and rules have been found and are being found, and they have been analyzed. As a result, numerous orders and reprimands, warnings, and deprivations of bonuses and awards have been initiated, but the matter has not budged significantly. What is the reason for the low effectiveness of administrative measures?

First, it is the formalism. I will not hide the fact that sometimes the matter is carried to the absurd. How else can one categorize the facts, when in a year various supervisors have received ten or more punishments for violating work safety, without even knowing that they have been punished. For example, chief engineer Snegur of the Underground Mine Administration imeni Gazeta PRAVDA of the Donetskugol Production Association received six such penalties in a year, and the chief of the Petrovskoye Mine-Administration Section Pisarev, of the same association 12. Is it possible, one is asked, to frighten them with still another reprimand? I believe not!

Second, the expenditures mechanism of management puts quantitative indicators at the top of the list. The establishment of safe working conditions does not get second or even third priority. Certain "traditions" are preserved even now. Yet one unfortunate case with fatal outcome imposes economic damage on the state, according to our calculations, that averages from 180,000 to 250,000 rubles. It's a shame that this damage is reflected practically not at all in the enterprise's economics.

**Published for the First Time: Pecuniary Consequences\* of Accidents Associated with Production  
(According to Data of the USSR State Committee for Statistics)**

	1982	1985	1986	1987
For the whole national economy, millions of rubles	135.9	136.5	162.9	164.9

\*Payments according to the certificate of unfitness for work and the cost of the equipment ruined and materials, buildings and structures destroyed.

**Published for the First Time: Losses as a Result of Accidents During Production\* for 1987  
(According to the Data of a One-Time Calculation by the USSR State Committee for Supervision of Safe Working Practices in Industry and Mine Supervision)**

	Minugleprom (A)	Minchermet (B)	Mintsvetmet (C)	Minud- obreniy: (D)	Minnefteprom (E)	Minstroyaterialov (F)
For the ministry as a whole, millions of rubles	185.7	15.6	4.4	4.9	6.0	5.3

\*Direct losses from accidents and expenditures on repair and restoration of the object of the accident.

- A. Ministry of the Coal Industry
- B. Ministry of Ferrous Metallurgy
- C. Ministry of Nonferrous Metallurgy
- D. Ministry of Mineral Fertilizer Production
- E. Ministry of the Petroleum Industry
- F. Ministry of the Construction Materials Industry

It happens that enterprises that work without accident and with a high level of injury may have equal financial status. It would seem that there should be a direct dependence between questions of production and work safety. In other words, those preconditions and provisos under which injuries, accidents and safety-rule violations would be economically disadvantageous for enterprises must be established.

Certain experience, as I have already said, has been acquired in this area. At some underground mines, partial compensation from those who are guilty of material harm caused by violations of work safety technology and rules is practiced. But on the whole, a coherent system of economic control over work-safety questions is needed. Not just in the coal industry but in all other branches of the national economy. The efforts of the ministry, of science, and of central economic departments are required for the development of such a system. As for Gosgortekhnadzor, it is ready to be included quickly in such work.

**Underground Coal Gasification Products Underutilized**

18220056 Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 7 Mar 89 p 2

[Article by S. Ilyasov: "It Burns with a Blue Flame: The Idea of Underground Coal Gasification"]

[Text] No, of course there is no such mine in the Kuznetsk basin, on which coal beds would flare up. Underground fires are a disaster for miners. Many forces and resources are spent in extinguishing them. But at the Yuzhno-Abinsk "Podzemgaz" station, they "tamed" the fiery element, and forced the underground fires to serve people.

Every three years, burning coals are poured into a well, drilled into a coal bed. At a depth of almost three kilometers, under an air compressor vortex, a small bonfire is spread out into a turbulent fiery ocean, the bed is brought to a heat of up to 1000 degrees, and in a matter of seconds the coal is converted to gas. Four cubic meters of gas are obtained in this way from each kilogram of coal, and go along the outgoing wells onto the surface at the Podzemgaz plant. From here the gas goes along a pipeline into the boiler houses of the city's industrial enterprises.

Usually the flame will burn continuously in the gas generator for three years. Simultaneously, an ordinary gas generator is being constructed on a parallel bed—a new gas factory. Due to the extremely complex conditions of the occurrence of the beds, the loss of coal at the enterprises of this region is tremendous: over half the fuel remains in the earth's interior. At Podzemgaz the



losses are much lower. Here there is a possibility of reducing them to a minimum. The collective succeeded in gasifying the beds beyond the limit for the Kuzbass mine to a depth of 350 meters. The efficiency of the beds under these conditions was almost 90 percent. In addition, it is not necessary to build expensive surface structures for Podzemgaz nor to tunnel multi-kilometer underground workings. There is another substantial advantage: five-fold fewer people work here than in the smallest mine, and not one of them has ever had to go underground.

The rocks and the coal strips, overturned by excavators, can be clearly seen from the plant gas generators. The spoil banks take up huge areas. Reclamation of the earth, as we know, requires large funds. It is appropriate to recall that the West Siberian region of Kemerovo Oblast is the most land-poor. There is a half-hectare of plowed fields per inhabitant. The area of the earth broken up by strippings and mines constitutes over 60,000 hectares.

Gasification of the coal in the earth preserves the earth surface for agriculture. This means that it must be more rapidly introduced in the coal sector. At some places in the world this is being done. Only not by us, as often happens. Many countries are interested in our domestic methods of underground coal gasification. The first of the firms to be obviously convinced of the possibilities for it at the Kiselevsk Podzemgaz, and procuring a license from us for the technology of gasifying solid fuel in the earth, as far back as ten years ago, was the American firm Texas Utilities Services Inc. Representatives of industrial groups in the most developed countries are coming, and will continue to come, from now on, for experience, here to Kiselevsk, to the Yuzhno-Abinsk Podzemgaz Plant.

"The advantages of gasifying solid fuel over traditional extraction methods are obvious," says A. Vorogov, director of the plant. "We could, however, work even more efficiently."

What is preventing it? The point is that the directors of the USSR Ministry of the Gas Industry, which the plant was under before 1985, because of the increase in extraction of natural gas, pushed concern for it into the background. As a result, the production capacity was cut in half, and other technical economic indicators deteriorated.

In this situation, the plant was passed to the jurisdiction of the USSR Ministry of the Coal Industry. Here too, the collectives are in no hurry to look into the matter. "To be or not to be?"—during the entire 33 years of the enterprise's existence it has been faced with Hamlet's question. In the last few years, the plant has particularly reduced gas production: many impurities appeared in it, which we have not learned to use in our country. Gaseous fuel consists of eight components—a whole treasure-house of chemical elements. During purification one third of the gas volume settles. This residue is as valuable as gold! The mixture of hydrocarbons and

various organic compounds obtained in this way is extremely valuable raw material for entire sectors of industry. And the gas itself! Its value for chemists is immeasurable. M. Revva, the first director of the plant, candidate in technical sciences, struggled two decades ago for full utilization of gas and condensate. He knocked at closed doors: he found support neither from the ministries nor from scientists. A. Vorogov, the present director, does not believe that anything can change for the better at the plant.

The gas, as before, burns in the summer as a "candle," and extremely valuable resins overflow the spoil banks. Meanwhile, only the phenol, of which there is quite a bit in the residue, is used in the chemical industry to obtain plastic, photographic developer, lacquers, paints, glues, building materials, toys, containers and radio-receiver parts.

A conclusion suggests itself: the most reliable thing is to regard the output of the Yuzhno-Abinsk plant, which operates using valuable coking, low-ash coals, not as fuel, but as raw material for the chemical industry. Further. The gas given out onto the surface has a temperature of up to 500 degrees. Why, then, do they not "tie" the scrubbers, in which it is enclosed for purification and cooling, to the boilers to heat the water?

The brilliant idea of converting coal into gas in the beds, under the earth, was first proposed by D.I. Mendeleyev. Our country was the first in the world to put it into practice. Will we really find ourselves here, on the edge of progress, and will resourceful overseas business again bypass us, flying in to the Kuzbass, not at all for Siberian exotica?

#### Gasoline Shortage Reviewed

18220118 Moscow KOMSOMOLSKAYA PRAVDA in Russian 22 Mar 89 p 2

[Interview with M.Ya. Lemeshev, head of the Laboratory of Ecological-Economic Problems of the USSR Academy of Sciences, UNO expert, doctor of Economic Sciences, by Ye. Chernykh. KOMSOMOLSKAYA PRAVDA correspondent: "A Thirst: Why, in a Country That Exports Petroleum, Is There not Enough Gasoline?"; date and place not given]

[Text] The lines at the AZS [motor vehicle filling stations] are fantastic. There is not even enough fuel for an ambulance. Why? Just do not plead quotas and funds.—V. Serov, Kaluga.

There are many such letters in our mail. In order to obtain answers to the questions of readers who have suffered in long gasoline lines, our correspondent turned to M.Ya. Lemeshev, head of the Laboratory of Ecological-Economic Problems of the USSR Academy of Sciences, UNO expert and doctor of Economic Sciences.

[Chernykh] Mikhail Yakovlevich, what one is obliged to observe at the filling stations reminds me very much of the topic of a Vremya program in the middle of the 1970's about the energy crisis that broke out in the West. Then, we watched with interest the lines of paralyzed Fords, Mercedes and Cadillacs... It caused no alarm, though. Anything like that was simply unthinkable for us! And here a similar day has come, even though we have far fewer motor vehicles than the West. In the USSR there are only 49 passenger cars per 1000 inhabitants. In Western Europe the ratio is 300-400 and in the United States—500.

[Lemeshev] It is not only private individuals who are suffering because of the gasoline shortage. What is the cost of only a few multi-hour idle times for thousands and thousands of machines, supplying grain to the elevators in the hot days of the harvesting season. The loss is hundreds of millions of rubles. There is not enough diesel fuel either. Hundreds of thousands of tractors stand idle during the spring sowing, when, according to the wise folk expression, "the day feeds the year." Combines are rooted at the spot on the corn fields. Passengers suffer for days at the airports because of the lack of fuel for the air liners.

[Chernykh] It is precisely in the latter case that no real reason is designated. The delays in the runs are explained by weather conditions and technical defects.

[Lemeshev] The USSR obtains 624 million tons of petroleum a year. It is a record volume: 1.5-fold more than the United States!

[Chernykh] But the lines at the AZS are still growing!

[Lemeshev] There are several reasons for the critical shortage. In the first place, this situation in our country is like the raw material supplement of the technically developed states. Petroleum export abroad has become the main item of our export. Moreover, as the years pass this situation, unfavorable for the economy, will intensify. In 1960 we exported 18 million tons of crude oil. In 1985—117, and in 1987—137 million tons. It should be noted here that petroleum export is growing, despite the fact that the prices on the world market dropped 4-5-fold as compared with the middle of the 1970's.

I will add in passing that this picture is also observed with natural gas. Its delivery abroad increased from 3.8 billion cubic meters in 1970 to 68 billion in 1985, and to 80 billion cubic meters in 1987.

[Chernykh] Why in passing, Mikhail Yakovlevich? This has direct relation to the subject of our conversation. Motor vehicles use gasoline, and decisions were made concerning this.

[Lemeshev] I wish particularly to direct attention to the social-economic and ecological detriment of the situation. Main gas pipelines have been cut into the length of

many thousands of kilometers of the territory of Siberia, the North and the Center of Russia, driving gas into Western Europe. Their construction entailed great losses of forests and land, pollution of rivers, lakes and air, and the perishing of flora and fauna over extensive areas.

[Chernykh] An acquaintance of mine—P. Bynov, a young director of the Ranenburg Sovkhoz—made many efforts to hook up to the gas pipeline passing close by the central farm. Dozens of stokers have to maintain the hog complex, and this is with a shortage of personnel in the village. We went with him to RAPO, traveled to Lipetsk, to the oblast authorities. With no results. It turns out that there is gas, but not for you.

[Lemeshev] Actually, powerful gas pipelines carry billions of cubic meters of fuel through the territory of the central oblasts of Russia, the Ukraine and Belorussia, past our consumers, who are in critical need of it.

[Chernykh] The laying of six superpowerful gas pipelines, calculated to transfer from the Urengoy deposit 200 billion cubic meters a year, costing 25 billion rubles, exceeded the capital investments to develop the Baykal-Amur Mainline, the Volga and Kamsk motor vehicle plants and Atom mash, taken together. Who was happy about this?

No, Mikhail Yakovlevich, I do not think that you have revealed anything new for the readers here. Before our meeting I asked several drivers that I know: "Why is there no gasoline?" They all give the same answer: "We are pumping everything abroad."

[Lemeshev] Without a doubt, it is precisely this policy, wasteful for nature and the economic system, of squandering fuel-energy resources that is the main cause of the shortage of fuel, which has become exacerbated in the last few years. The purely internal distortions in production planning and organization are making the shortage more acute. First of all, the production volumes are inordinately exaggerated. The USSR extracts seven-fold more iron ore than the United States. One asks, why this "labor of Sisyphus" when the country yearly accumulates a huge amount of scrap metal. For the most part it is unutilized.

[Chernykh] Over a billion empty metal fuel barrels are probably already scattered throughout the North. Broken-up barges and steamers are rusting along our sea-coasts from the Bering Straits to the southern shores... We know that there are hundreds of such abandoned ships in the Volga delta and on the adjacent shores of the Caspian alone. I worked in Siberia for a long time. I had occasion to see, in the taiga, along the petroleum pipeline route, whole heaps of unneeded pipes—the fruits of the subjugation of Siberia.

[Lemeshev] I will add: huge storehouses of damaged equipment are beginning to fill up the kolkhoz and sovkhoz territories with trash. After all, smelting steel

from scrap metal requires 6-7-fold less energy consumption. What a mud-hole of fuel is needed for the gigantic excavators extracting ore in quarries and for lines of multi-ton trucks carrying raw material to the enriching mills. How much electric power is spent in just processing ore! After all, though, this electric power is mainly the same compressed oil and gas.

What huge losses there are, however, because of the poorly-thought out production arrangement. In Western Siberia they are extracting a large amount of petroleum. It is sent for thousands of kilometers to the European part of the country for processing. From there, gasoline, kerosene and diesel fuel are sent back to Siberia. Our agriculture is also exceedingly voracious.

[Chernykh] Indeed, the powerful K-700, with a pair of large milk cans, is a common picture in the rural area.

[Lemeshev] There is not so much voraciousness even in the energy-saturated equipment, which can often be replaced by ordinary horse-power, or in the special features of technology, as in foolish planning and saturating mismanagement. The areas of land worked are inordinately exaggerated. Millions of hectares of crops are located on lands subject to heavy erosion, salinization, rising ground waters and bog formation. It is simply impossible to obtain a minimally good harvest here.

An important reason for an artificially created shortage of fuel is the regular violation of discipline in supplies.

[Chernykh] Mikhail Yakovlevich, would it not be simpler to introduce wholesale trade? This would permit fuel to be bought freely. This is particularly true because, in the shortage, many people are feathering their nests. How many "filling station kings" are there, who against their will have been sent off from their work-days to places not very far away. Take another example. The press has already recounted the exchange of fire in the spirit of the "cowboy films" at the Tadzhikistan Goskominneftproduktov. The director of the petroleum base began shooting at the committee chairman, the deputy, the main accountant.... One of the deputies, K. Amonov, by the will of fate was not at that board meeting, and he therefore escaped the bullets. He took the vacated post of chairman. Recently Amonov was convicted and was deprived of freedom for 11 years....

[Lemeshev] Establishing order in the use of power resources is a complex problem. It cannot be solved by raising retail and wholesale prices for gasoline and other petroleum products, as is assumed by some economists and the directors of USSR Goskom. This is convincingly indicated by the experience of a repeated rise in prices for coffee, caviar, valuable types of fish and other delicacies, which for most of our citizens have become inaccessible expensive, nor is their abundance on the shop counters observed.

[Chernykh] Gasoline has also grown more expensive for us. Officially.

[Lemeshev] For a major solution to the problem of the gasoline shortage, a comprehensive program of energy-conservation must be immediately drawn up on the basis of overcoming the expense approach, which is still dominant in departmental planning and administration.

[Chernykh] All the Western countries who have come up against an energy crisis have drawn up such programs, and they yielded a colossal effect. This is one of the reasons why recently world prices for petroleum have dropped sharply. After all, the demand fell. Such a program is simply unnecessary for us. There is a great danger, however, that we are getting stuck in developments and agreements.... After all, a sectorial science initially takes this up. Everyone is trying to incorporate his own interests into the program and at the same time to remove any responsibility from his own sector. Can there perhaps be enough special state deputy commissions for the period of putting a certain specific program into practice? Commissions which would answer directly to the government or the USSR Supreme Soviet. How many of us have created various programs at any levels! If even a part of them were fulfilled, complete abundance would be approached. But who would bear the punishment for the disruptions? This system of collective irresponsibility is pricking up its ears. It will ruin any cause. Incidentally, this commission must be supported through carrying out the energy conservation program by means of the revenues from saving gasoline and oil.

[Lemeshev] The main thing is that there must be a transition from declarations to actual structural reorganizations in our economic system on the basis of economic independence for the workers of the collectives and their self-government. This transition is possible only with an active public movement directed by the soviets of People's Deputies.

[Chernykh] Mikhail Yakovlevich, you did not mention the soviets by chance. You are registered as a candidate for the USSR people's deputies for one of the capital districts.

[Lemeshev] If I am elected I will achieve the development of an alternate program of social and economic development of the country, based on conserving natural resources and nature conservation and introducing it in a national referendum. The problems which we have discussed today will occupy a leading place there.

Not everything is hopeless. The decisions of the Party and the government indicate a change in the structure of our export and keeping the raw materials base with higher competitiveness of the industrial products—particularly machine building. The cooperatives in this matter are showing that they can operate zealously even under our conditions. These are the first sprouts. The monopolist-departments, however, are hindering their

development. Therefore, I will achieve the elimination of sectorial ministries, which in their practical work damage nature and the country's economic system.

I am speaking out for putting a stop to the wasteful sale of natural resources and for banning purchases of ecologically dangerous technology.

Through conserving raw material and utilizing secondary resources, there must be a sharp reduction in extraction of minerals, which is mainly carried out not for the sake of people but for the interests of production itself. I propose to direct the huge funds freed as the result of this toward solving housing problems, assisting young families and developing health protection, education and road construction.

As a deputy I shall introduce a proposal on adopting a law on criminal responsibility for ecological offenses.

There are other points in my pre-election program directed toward resource conservation and improving the quality of the life of the Soviet people.

#### First Coal-Fired Gas Generator Installed at Krasnoyarsk

1822067 In Moscow SOTSIALISTICHESKAYA  
INDUSTRIYA in Russian 17 Mar 89 p 1

[Article by correspondent V. Pyrkh: "Gas Instead of Coal"]

[Text] The first coal-fired gas generator was manufactured for a Krasnoyarsk plant by the KATEKNIiugol Institute. And almost simultaneously the institute's solid fuel gasification sector was reorganized as a laboratory.

Thirty years ago when our country occupied the leading positions in processing coal into gas. Each year we obtained tens of billions of cubic meters of "blue fuel" by this method just three decades ago. Then came the oil boom, followed by the gas boom. The natural storehouse of cheaper fuel seemed inexhaustible. Feeling that our demand would be satisfied by them, we abandoned all other developments.

"Now we are starting from scratch," said S. Islamov, deputy head of KATEKNIiugol's solid fuel gasification laboratory. "We don't consider any other way."

He considered the continuing development of the design of the gasification industrial facility capabilities of processes. It would be possible to use coal more fully. But its combustion was one of the main jobs of the KATEKNIiugol. And how many more years will it last? The answer to the question is only two and a half years. "The gasification of coal is a very difficult process," he said.

In addition, time will be needed to reach normal working capacity and debug the system. It will be a long time before the developers get the industrial production processes working.

In the meantime the USA, for example, already has plans ready not just for facilities but for entire plants processing solid fuel into gas. The fact that under certain conditions gas obtained from solid fuel can even compete with natural gas is nothing new to Siberians. They recently completed a feasibility study on building a special shop at the Zykovo Construction Materials Plant. The new procedure for gasifying local coal not only will make it possible to obtain brick of higher quality, but it will also prevent environmental pollution. Calculations show that burning gas instead of coal is much more advantageous.

"This will be the first such shop in our country," Islamov noted. "We will begin planning it as early as this year."

Foreign firms are also displaying interest in the developments of the Siberians; they are suggesting organizing joint ventures on a mutually advantageous basis.

#### Depletion of Tyumen Resources Protested

1822007 In Moscow SOTSIALISTICHESKAYA  
INDUSTRIYA in Russian 18 Mar 89 p 1

[Article by Vladimir Kremer: "Who Has the Keys to the Subsoil?"]

[Text] "What will we leave to our descendants..." Such was the title given to an article our newspaper printed in the summer of last year by R. Suleymanov, a delegate to the just-concluded 19th Party Conference and general director of the Urengoygazdobysha Association. Risking drawing fire upon himself, the leader of the gas sector's largest enterprise raised his voice against the excessively high rate of extraction of the subterranean wealth of the Tyumen North, imposed by the relentless pressure of a plan dictated from above. For today's waste, he wrote, for the inability and the reluctance to utilize the unique storehouses sensibly, we will inescapably have to pay the price of their premature exhaustion.

The reaction to this appeal to slow things down to a sensible pace was silence. There was neither a rebuttal from the newspaper, nor the author did not understand "higher state interests" nor recognition that his question was properly put.

And suddenly half a year later, sensational news: the state order for extraction of natural gas has been reduced by 10 percent.



It would seem that the logic of radical reform had finally prevailed over many years of bureaucratic expansion, and that we can thus congratulate ourselves with a victory. The breakthrough was made, after all, not in some local, peripheral area, but in one of the fundamental, key sectors of industry.

But before chalking this up as a victory on the restructuring scoreboard, it would be interesting to find out what Suleymanov himself thinks about this. How does he intend to exercise the absolute freedom that has befallen the association?

"Have you ever read anything by the Polish satirist Yezhi Lets?" Rim Sultanovich asked unexpectedly. "He is credited with this aphorism: 'Let's say you've bashed your head through the wall. What are you going to do in the next room?' There is perhaps no better way to describe the position we've now found ourselves in."

Well, how do you like that! Wasn't Suleymanov the one who protested against the absurd economics in which the main goal was to fulfill the plan at any cost? Wasn't he perturbed by the obvious absurdity of praying to God, here by the Arctic Circle each spring, not to send too warm a summer, so that the demand for gas fuel would not fall off? And a long hard winter, in which gas consumption by consumers rises abruptly, is perceived as a gift from fate—we'll make the plan!

Doesn't cancellation of the state order now mean a return to common sense, won't it make it possible to stop the plunder of the subsoil? And doesn't it open up a possibility for revealing oneself as a real manager, for acquiring real independence, and not just on paper?

The answers are yes, yes, and yes. It would be all too easy to show that this is true—one need only close one's eyes tightly and imagine restructuring to be a kind of laboratory experiment being carried out in sterile conditions. But Suleymanov is too busy to close his eyes and dream. This is why the association's plan for this year—no longer imposed from above, but approved by the collective itself—contains a figure exceeding the five-year plan's assignment by almost 2.5 billion cubic meters. Beyond that, there is even a secret "supplementary assignment" in accordance with which an additional 1.4 billion cubic meters are to be extracted. This means that even today, without any kind of urging, the subsoil and equipment of Urengoy will be subjected to forced labor, in violation of the planned extraction rate prescribed by the wisdom of science.

A paradox? No, a projection, upon real life, of the freedom bestowed upon the collective, which is a recognized necessity, as we have come to firmly believe. And each day the general director fully senses the invisible bond between this philosophical truth and current production practices.

Gas extraction volume is the main fund-forming indicator, and essentially the sole source of profit. Using his pocket calculator Rim Sultanovich quickly persuaded me that if we take the control figures of the five-year plan as our basis, then under the established standards the association is exactly a month short in its wage fund. This is a sufficiently substantial, compelling reason to quite voluntarily accelerate the pace and open the valves of the gas wells wider.

In a word, it would be nice to get into heaven, but the sins are keeping us out, as they say. State order or not, the gas extractors have no choice other than to keep borrowing from future generations.

For every thousand cubic meters of gas extracted above the five-year plan, the gas field operators earn a ruble and a half, instead of the regular 20 kopecks. This is the sector average. But in the case of Urengoy, deductions into the material incentive fund for production in excess of the plan increased almost nine hundred-fold (!): By the same ruble and a half, instead of 1.72 kopecks. How could Suleymanov not bite this economic bait if he knows that without it, he wouldn't be able to make ends meet? If he knows that the collective would receive 13.7 kopecks for every ruble of earned profit?

Yes, the general director of Urengoygazdobycha is no longer obliged to salute every directive. And when like in the good old days the ministry handed down to the association a totally unsubstantiated state order for another type of product—gas-condensate, the council of the labor collective refused to accept it. But the same council, even with all of the powers granted to it by law, is completely powerless before the dictate of the economic "whip" that has now replaced the administrative one.

In the fourth year of the reform, it seems that we can say that in and of itself, the transition to economic levers and stimuli in place of administrative ones has done almost nothing to change economic life, or to increase the freedom of the main link. It only imparts an inobvious, concealed form to nonfreedom. Like steel reinforcement contained within the substance of a wall, one-sided economic dependence of enterprises upon administrative departments dependably ensures resistance of the administrative system's dilapidated building to the riots of restructuring.

Even a broad "restructuring" gesture such as abandonment of state orders by the Ministry of the Gas Industry has not stopped the race for gross, has not encroached upon the monopolistic bureaucratic right to dispose of our national wealth.

Glasnost recently uncovered an astonishing fact. In the last decade of the "era of stagnation" we received \$1.76 billion for the sale of oil and petroleum! And having obtained this unimaginable sum, have we all gotten any

richer? Have food and goods become more plentiful at the stores? And will we now become richer with the increase in sales connected with the drop of oil prices in the world market?

According to the constitution, the land, water and subsoil in our country belong to the people. They are formally state property. But in fact they are apportioned among different administrative departments.

The Ministry of Land Reclamation and Water Resources, the Ministry of Power and Electrification, the State Agroindustrial Committee, the Ministry of Ferrous Metallurgy.... Each of these and other state monopolies are credited with a long list of awesome victories in major engagements on their own territory, which left behind flooded land, receding seashores and exhausted subsoil.

Any junior student of the Gubkin Institute can easily list the deleterious consequences of forced extraction of natural gas. A specialist of the Ministry of the Gas Industry, a VUZ graduate, would be all the more aware of this. But it is one thing to know, and another to have an interest. And what sort of interest, may I ask, might a bureaucrat in a Moscow ministry have in the fate of resources located at the other end of the world? And so they look at these resources only from a narrow consumeristic viewpoint, selecting the fattest piece.

What is the solution? In the interests of all of us and our descendants, who is to possess the keys to the subsoil? This is not a simple question. And there are no ready-made answers.

But perhaps it might be worth thinking about the possibility of transferring the functions of protecting the subsoil to local soviets, and simultaneously channeling, into the local budget, part of the profit (including monetary) from the sale of resources extracted from their territory? In this case interest would be associated not only with extraction but also with economy—in order that a huge source of social blessings would not be exhausted in short time.

Or we could approach the problem from the other side. Introduce, as some economists suggest, differentiated rent on the use of subterranean wealth. In such a way that rent payments from extracting enterprises would depend on the quantity and quality of the reserves and on the rate of their extraction. The more you extract, the more you pay!

In the final analysis it is not essentially important what kind of levers we employ to control the interests in production and consumption of energy resources. What is important is the direction in which the resultant of these interests points. Toward further acceleration of the destructive flywheel of superhigh volumes and rates, or

toward the path of sensible self-limited extraction and exportation of nonrenewable resources, toward a change in priorities, toward structural shifts.

## ELECTRIC POWER GENERATION

### Industry Leaders Blamed for Power Problems in European USSR

18220069 Kiev *RABOCHAYA GAZETA* in Russian  
8 Feb 89 pp 1-2

[Article by Academician A. Shidlovskiy, director of the Institute of Electrodynamics, UkSSR Academy of Sciences; Doctor of Technical Sciences A. Madoyan, director of the Southern Branch, All-Union Thermotechnical Institute; and A. Panov, deputy chairman of the Kiev Administration of the All-Union Scientific-Technical Society of Power Engineers and Electricians: "Peak Loads and the Power Industry: Why We Have Poor-Quality Electricity and How To Correct the Industry Leadership's Bad Strategic Mistakes Which Are To Blame for It"]

[Text] It was not that long ago that the daily peak demand for electricity occurred mainly during the morning hours, when industry was operating on first shift. Now there is a second peak in the evening, when people turn on their televisions at home and industry is on second shift. At night things quiet down to the minimum demand, which becomes more pronounced every year.

Even nonspecialists know that in order to satisfy the demand as well as possible, the power industry must be flexible and able to react quickly to all changes in the power system. However, the electric-power industry, which does not have enough peak-load power plants, is not able to provide electricity of the required quality because it has insufficient capacity during peak demand and excess capacity during minimum demand. The situation we now unfortunately have is that not only is the power system operating feverishly, but so are industrial and agricultural enterprises, which suffer power cuts during high peak demand.

This is no joke. Can you really have good-quality production if your main energy source does not meet the strict requirements of your process or if it is cut off altogether? Consider this: for high-precision scientific products, frequency fluctuations should not be greater than one one-hundredth of a hertz. So how is it possible for flexible manufacturing systems, precision machine tools, computers, delicate medical equipment and scientific equipment to operate if the system frequency fluctuates from 49.5 to 50.5 hertz? Back in 1980, the Scientific-Technical Commission of the USSR State Committee for Science and Technology determined that the country's economy suffers average annual losses of 2 billion rubles due to disruptions in the electricity supply.

The electric power industry, along with other industrial sectors, has entered an important period: the Energy Program is being reviewed, and decisions are being made on how to reconstruct and modernize the sector. It is now time to once again weigh and evaluate the proposed courses of power-industry development, considering new circumstances as well as the mistakes of the past. Those mistakes were certainly big ones.

For a long time, the reigning point of view foisted upon us by "authorities" was that it was necessary to develop **base-load** (i.e., **constant-output**) generating capacity in the European USSR since it is the most efficient. Because of the monopolism of this concept, alternative plans for the construction of **peak-load** (**variable-output**) power plants were not developed.

It was assumed that methods of power-load regulation would be found eventually. However, this was not the case, nor is it expected to be in the near future. Still, this conservative thinking, like a flywheel, has considerable inertia: base-load thermal and nuclear power plants are still being designed and built. The result is that electricity quality is worsening while demand is increasing.

This incongruity is especially evident here in the Ukraine, which has a high concentration of industry, as well as highly developed municipal services and agriculture. We now have a paradoxical situation in which the Ukrainian power system has excess capacity—that is, its power plants generate sufficient electricity not only for the republic, but also for export—but at the same time, due to a lack of peak-load capacity, entire enterprises are cut off during peak demand periods, and fines must be paid to CEMA countries for the delivery of substandard electricity. There have been times when the total fines exceeded the price of the electricity!

Fortunately, this is not the case any more, but look what it has cost us! Because of the lack of peak-load capacity, electrical loads are regulated by base-load thermal power plants [TES's], which are totally unsuited for this purpose. As a result, the reliability of TES's has dropped sharply and fuel consumption has jumped

Large TES's with 200- and 300-MW generating units now operate at or above their upper limits during peak-load hours, and then at minimum capacity during low demand. As many as 30,000 of these load changes occur every year. As a result, boiler efficiency at these plants has dropped by 20-25 percent. The fuel overconsumption at one 2000-MW TES was 135,000 tons per year.

Even a simple analysis shows that with increasing base-load nuclear generating capacity, the problem of load regulation in Ukrainian power systems gets worse every year. The need for peak-load capacity in the republic is now 10-12 GW, and by the year 2000, about 20 GW of peak capacity will be required.

Nuclear power plants, which now mainly are being built in the UkSSR, are for base-load service only. For safety reasons alone, there's no question of using these for peak service. However, the increasing volume of AES construction is worsening the problem of electricity quality to the point that TES's with 800-MW generating units are being used for peak service. What kind of a strategy is this?

This is not just a rhetorical question. The right hand doesn't know what the left hand is doing. On the one hand, we are building AES's for base-load service, and on the other hand, we are gradually destroying our thermal power plants and consuming hundreds of thousands of tons of excess fuel for load regulation.

Someone might object to the above by pointing out that there are hydroelectric and pumped-storage hydroelectric power plants for handling peak loads. Unfortunately, the capacity of these power plants is limited, and most all of it is already being used. The largest pumped-storage plant, with a capacity of 3.6 GW, is now being built near Kanev and is planned for start-up in 1997, but even this will not solve the problem. Nor will gas or steam-gas turbines solve the problem: they are of small capacity and have not yet been perfected.

In developed countries, the concept of the accelerated development of nuclear power is gradually losing ground. Such countries as the USA, England, Sweden and Canada are curtailing their nuclear programs and are developing generating capacity based on organic fuels, mainly coal. The prerequisite for a large increase in the production and use of solid fuel is a scientifically and experimentally proven capability of building non-polluting, ecologically clean, coal-fired TES's. Important developments are being made in this direction both here and abroad.

The authors have not taken it upon themselves to delve into the economic or ecological reasons for the extraordinary expansion and subsequent contraction of nuclear power in the world. Our task is to see that others' mistakes are not repeated and, in this regard, to attempt to determine an energy development strategy for our own country.

In our view, the main direction of energy development strategy in the European part of the country should be the development of ecologically clean thermal electric power plants for peak-load service.

This is especially feasible because scientists and specialists have developed a whole array of technical solutions to this problem.

For example, the Southern Branch of the All-Union Thermotechnical Institute [YuzhVTI] has developed and tested an integrated-unit thermal power plant with a fundamentally new approach to equipment arrangement. The separate-unit arrangement which has reigned

for the last 20 years features a single boiler, turbine, generator and transformer in one unit. In essence, power plants of this type are actually several power plants combined into one facility, and thus are not capable of load changes. Here we have a chain made of unequal links: turbine generators and transformers are highly reliable, while boilers and their auxiliary equipment are responsible for up to 90 percent of power-plant downtime. Because this equipment is forced to operate in peak-load service and because fuel quality is poor, boiler reliability and efficiency are reduced even further.

An integrated arrangement avoids this problem. In a separate-unit arrangement, functionally different components operate in a single circuit; in an integrated plant, groups of turbines, boilers, fuel-preparation systems and other systems are interconnected. The entire power plant thus becomes a single interconnected system with the capability of variable-load service. Research has shown that an integrated plant can provide reliable twice-daily output increases and decreases of 85-90 percent of installed capacity. In addition, even partial adaptation of existing TES's with 300-MW units to an integrated arrangement (for example, combining auxiliary equipment into a single group) could provide a four-fold increase in load variability.

New solutions have also been proposed for the use of low-grade Donetsk coals in dry-bottom furnaces in integrated TES's. New two-zone furnace designs have performed well in tests with fluidized-bed boilers.

YuzhVTI and the State Institute of Nonferrous Metals have jointly developed an application for furnaces for high-rate coal combustion in a melt. This technology has been shown to reduce sulfur- and nitrous-oxide emissions by more than half, while dust emissions are minimal. Thus, there is every reason to believe that under present conditions, the construction of peak-service TES's using low-grade solid fuel (the confirmed reserves of which in the Ukraine alone are over 30 billion tons, according to Ukrgeologiya) represents a radical solution to the problem. But unfortunately, it's not that simple. The establishment of the Ministry of Atomic Power [Minatomenenergo] and the transfer to it of the design organizations of the Ministry of Power and Electrification [Minenergo] and of power-machinery manufacturing capacity have sharply slowed the development of thermal power.

The enormous creative potential which scientists, specialists, thermal power engineers and power machine builders have gained over the years is now in a state of decline. The traditional thermal-power design institutes have become nuclear power institutes, and new institutes have been established to design TES's. However, these new institutes have nothing to do, since hardly any TES's have been built in the European part of the country in the last decade. The great armies of power-plant construction workers have been transferred to AES construction.

Since the 1970's, Minenergo, charmed by the prospects of nuclear power, has stopped ordering TES equipment from the Ministry of Power Machine Building [Minenergomash] or components and automatic controls from the Ministry of Instrument Making, Automation Equipment and Control Systems [Minpribor]. The long-standing relations between these three ministries has been broken: a united hand has been transformed into five separate fingers.

Recently, the leadership of Minenergo began to understand the need for a return to the development and improvement of thermal power generation. However, time has passed, and Minenergomash categorically refuses not only to manufacture new types of equipment, but even to supply replacements for existing plants. The manufacturing capacity at Minenergomash enterprises is now largely devoted to filling orders from Minatomenenergo and foreign companies.

Thermal power has reached the brink of disaster. One stroke of a minister's pen has derailed an entire industry with colossal scientific and engineering experience.

What is the way out of this situation? We need a fundamental review of our country's entire energy policy. We need to avoid gigantic swings in one direction or another. We're not calling for the abandonment of nuclear or hydroelectric power, but rather for a sharp funding cut for these directions in order to restore, even if not completely, the squandered potential of thermal power.

The European part of our country is now faced with the serious problem of replacing old, obsolete thermal power plants, the total capacity of which in the Ukraine alone will be about 23 GW by the year 2000. There is no doubt that urgent measures are needed to develop new, ecologically clean, peak-service TES's to be built on the sites of decommissioned plants. The problem is even more urgent if you consider that it takes about 15 years to develop, design and build a TES. It's time to stop talking about the need for reconstruction and modernization and begin to act. Moreover, in order to plan on building more new AES's, we must reconstruct and modernize thermal plants.

Specialists from the Southern Branch of the All-Union Thermotechnical Institute, supported by the UkSSR Academy of Sciences, have been pushing their developments for more than 10 years, but have yet to sway our steadfast ministerial bastions.

Apparently, the USSR Ministry of Power and Electrification is more worried about realizing capital investments than devising a strategy for sector development and the improvement of power-supply quality. That outmoded disease of the stagnant era, the attitude of "cost is no object," is hurting our pockets ever more



seriously. If our country doesn't have a choice or even the possibility of ordering modern thermal generating equipment, then we will have to purchase it from abroad....

**First Armenian Nuclear Reactor Unit Shut Down**  
*18220068b Moscow KOMSOMOLSKAYA PRAVDA in Russian 25 Feb 89 p 2*

[Article by A. Sarents (Yerevan): "Stop, Reactor!"; first paragraph is source introduction]

[Text] Today the first power unit of the Armenia AES is stopped. In accordance with a decision of the USSR Council of Ministers, the nuclear station will be reconfigured to a thermal power station

At the end of the 1960's a large group of Armenian scientists warned the republic's authorities about the impermissibility of building a nuclear electric-power station in a seismically active area. Alas, it seemed to many at the time that the decision that had been adopted was optimal. The arguments cited were at first glance persuasive: cheap electricity was in increasingly great demand and, given Armenia's aridity, there was nowhere else to get it. And so it was the AES to the rescue!

But even then it was being said: why not use solar, wind, thermal or other types of alternative energy sources as the additional energy source? "Sunny" Armenia was just the ideal model, where one can have inexpensive, ecologically clean sources of current. The sun shines 300 days per year in Armenia, and there are constant "drafts" in the mountains....

But it was not in Armenia but in Denmark, flat as a plate, where a hill 600 meters high is called a "divine mountain," that they devised a layout of "windmills" which is functioning excellently and is now actually feeding cheap electricity to practically all the country's farms. Developments for solar-energy use were conducted in Armenia, where there is a division of the All-Union Scientific-Research Institute for Sources of Current, and a "solar cottage" was even built, which all the newspapers wrote about enthusiastically in the 1970's. But the cottage apparently was abandoned and it stands in lonely fashion among ordinary chimneys that give off smoke in the winter.

That which was not very well understood and is expensive for the time being, and moreover has been connected with lengthy development for industrial introduction, was rejected out of hand and so decisively that to dispute and argue was nearly considered to be poor form.

Well, what about nuclear energy? It opened up a bright prospect. The energy was there—take it or leave it. But in so doing they closed their eyes to these facts: they were preparing to build the station in the republic's sole fertile patch—the Ararat valley. In so doing they asserted that the Armenian power station was safe in all respects. But

now we hear the arguments of one of those firmest opponents of building the station, Georgiy Isayevich Ter-Stepanyan, corresponding member of the Armenian SSR Academy of Sciences:

"From the first day of discussion of the project, we declared: construction is impossible in the Ararat valley. Besides the seismic danger, the republic's most capacious basin of potable artesian water is found here, and if it is harmed then the water will be unsuitable for drinking or irrigation. The Ararat valley is the most densely populated spot in the Soviet Union, where an average of about 400 people per square kilometer live. Given the high natural solar radiation in Armenia, any radioactive addition will intensify the radiation background and raise the morbidity rate. The AES is 80 kilometers in straight-line distance from Yerevan, the republic's capital....I am not revealing any secrets. The scientists spoke about all this in all the offices, but no one listened to us at that time out of timidity."

The station was built, they started it up with ceremony, and in a few years decided to add a second power unit. The USSR state plan designated the construction period for the Armenian SSR's second line.

It was no use to do anything. At the start of 1986, long before the Chernobyl misfortune, G. Ter-Stepanyan appealed for the public's help. Appeals to the governments of the republic and the country in the name of society did not manage to get to the persons addressed, when Chernobyl erupted.

And then they "crossed themselves," and the Armenian nuclear station was quickly shut down. "Suddenly" many defects were noted. Just in May 1986 they began seriously to ponder—why not reconfigure the nuclear to a thermal power station?

But even Chernobyl did not sober some optimists conclusively. The national government never received the suggestion to quickly stop the Armenian nuclear station.

You know the rest. The earthquake happened. A commission of the CPSU Central Committee Politburo came to the republic. In a short time the commission's members managed not only to organize purposeful and consistent work on eliminating the natural disaster and to develop large-scale assistance to the republic in restoring what was damaged, but it went into more severe problems that required a quick decision.

That is now history. No one denies the necessity for developing nuclear power. We are worried about something else: how to increase its safety? This question became one of the principal ones at M. S. Gorbachev's meetings at the Chernobyl AES and in the city of Slavutich.

We must not be divided into nuclear enthusiasts and society. The people's opinion also is not the worst opinion. Too often we count it out. The people's trust in nuclear power, which was broken after Chernobyl, will be difficult to restore by a simple denial. A dialog is necessary. Irresponsibility should not be repeated.

**Bratsk GES Construction Is Example to Follow**  
18220068c Moscow STROITELNAYA GAZETA in  
Russian 3 Feb 89 p 3

[Article by Engineer N. Kononov (Bratsk-Moscow): "No Profit from the Lesson—What the Experience of the Industrial Conquest of East Siberia Teaches"]

[Text] The near-term plans for developing our country's economy includes a more active involvement of the resources of East Siberia, Yakutiya and the Far East in economic activity. Conquest of the Far East region will permit vast natural wealth to be put to the people's service. In recent decades definite experience in conquering the country's eastern regions has been gained. At the same time, positive approaches to solution of the problem have been developed. Erection of the Bratsk GES can be an example, in my opinion.

The first hydroelectric-power station aggregates were introduced 7 years after the government's decision to build the station. This was in an uninhabited northern region, I recall. I think that everyone agrees that this was a good place. Many factors, of course, determined the success. But there was, in my view, a key element that played the decisive role. It also incorporates the main lesson of Bratsk.

The "secret" was most simple. The fact is that the list of facilities for erecting the hydropower station included enterprises of a high-capacity construction-industry base from the very start.

In the starting period, during the erection of paving-block houses and industrial facilities with walls made of paving block, the Chekanov Wood-Products Combine, which was under construction at the time, the Oka Wood-Products Combine, which was in operation, and the Chuna Brick Plant helped considerably. And when the 40,000-man collective of hydropower builders was finally formed, it had at its disposal capacity for the production of 400,000 cubic meters per year of reinforced-concrete structure and panels, 20,000 tons of metal constructional structure, 300,000 cubic meters of lumber, and 300,000 square meters of carpentry products, plus large motor pools and a mechanization base. In relying precisely on them, it successfully assimilated all the capital investment allocated for erection of the Bratsk and Ust-Ilimskiy GES's and simultaneously erected the Korshunov Mining and Ore-Beneficiating Combine, the Bratsk forestry-industry complex and aluminum plant, and the cities of Bratsk, Zheleznogorsk and Ust-Ilimskiy. The ministries of ferrous and nonferrous metallurgies and the pulp-and-paper industries did

not have to spend efforts and funds on creating their own construction subunits and construction-industry bases. They were able to calmly engage in their basic mission—the creation and assimilation of new plants, combines and complexes.

Thus, in addition to the Bratsk and Ust-Ilimskiy GES's, which are generating the country's cheapest electricity, Bratskgesstroy [Trust for Construction of the Bratsk Hydroelectric Power Station] created a new industrial complex in northern Irkutsk Oblast, strictly observing, as a rule, the plan's deadlines for introducing new production capacity.

The way out, I repeat, the main prerequisite for successful conquest of remote, sparsely inhabited parts of the country, the simplest possible way and one that is not new, is the creation ahead of time of an in-house construction industry.

It would be possible, even without returning to this obvious truth, if ministry and agency supervisors and local party and soviet workers would take it into consideration. Unfortunately, they often do not want to do so. Even those who, strictly speaking, created this experience—the power-engineers—at times reject the Bratsk benefit, the Bratsk experience.

It was decided to erect the Neryungri GRES, like the Bratsk GES, in a poorly developed region, practically in a bare spot. Here, as is said, God himself ordered them to go by a well-trodden, tested road—to begin from a construction-industry base. They did not want to. Apparently believing in the unlimited potential of Bratskgesstroy, the management entrusted the erection also of the Neryungri GRES to this collective. The Bratskers, they say, are reliable people, they cope.

What they should have expected occurred. The deadline for startup of the first power unit was shifted three times. Each year the builders put off the introduction of housing and facilities of the construction-industry base, which was their own, together with USSR Minugleprom [Ministry of the Coal Industry]. Both ministries amicably broke off the financing for and erection of the facilities for the joint base under sharing principles. Cooperation in the use of local materials and structure did not come about. The delivery of structure and materials from Bratsk through Tayshet, Irkutsk and Tynda required much time and caused great losses.

Such a delay in developing a local construction-industry base was permitted by USSR Minugleprom and USSR Minenergo [Ministry of Power and Electrification] during construction of the Berezovskaya GRES-1 in the Kansk-Achinsk coal basin. Shipments of panel houses and other structure and materials from this same Bratsk and the help of Bratskgesstroy proved to be inadequate for making up for lost time.

The sharp deficit in thermal and electrical energy in Khabarovsk and Primorye krais and Amur Oblast that was created at the start of the 1980's demanded the erection here of new railroad yards. "Dalenergo" [Far East Regional Administration for Power-System Management] could not resolve this task. In order to develop power-engineering in the Far East, a high-capacity in-house construction-industry base was needed. According to the designers' calculations, a total of 220 million rubles (in 1984 prices) would have to be invested in it before 1995. They did not do this. They went their accustomed way—again they charged Bratskgesstroy with erection of new power stations. In practice this meant importing structure and materials all over again from Bratsk, quartering the builders in temporary packaged villages that were low in comfort. As a result, the cost of erecting six TETs and boiler houses increased sharply. According to the conclusions of Minenergo's Consultancy Administration, the additional expenditures for the erection alone of the Komsomolskaya TETs-3 and the Khabarovskaya TETs-3 were 73 million rubles. Of that amount, only 19.5 million went to the development of a construction industry and of a base for construction subunits.

Tens of millions of rubles and the disruption of planned deadlines for the startup of new facilities—such was the price for a disdainful attitude toward experience that had been gained. Yet these still are not all of the losses. Named here were only those that are easily visible and estimated. I think that the traditional inattention to social problems and to living and working conditions of the people inflicted no less harm.

How else, for example, are the difficulties in the forming of collectives of builders of the Neryungri GRES and the TETs in Khabarovsk Kray explained? Primarily by problems of pay. The welfare of people who live and work in the country's European part and Central Asia grow rapidly. In this connection, the advantages in earnings that were established at one time for northern regions and regions equivalent to them have not been "working out." They cannot attract new people here. Also telling is the delay in housing construction and in personal services. All this leads to great personnel turnover. Senior builders, who receive the maximum in additional increments are staying. But they also soon will go on pension and will leave.

In order to create stable collectives, in my view it is necessary to grant people advantages after three years of work in the north. We must look the truth in the eye. Do not build new electric-power stations in the eastern regions with the help of "moonlighters" who are paid under contract in violation of the KZoT [Labor Law Code].

Hydropower stations have been criticized recently. When speaking about the European part of the country, then the complaints there possibly are correct. But the slowing of construction of the Ust-Paltinskaya, Boguchanskaya, Zevskaya, and Burevskaya GES's must not be excused in any way. Their construction will take practically no plowed land out of use and will not degrade the ecological situation.

Braking the development of hydropower engineering in the East will inevitably lead to a loss in the pace of conquest of new regions. For their primary need is cheap electricity, large building collectives, and a high-capacity production base.

Using its rich work experience in the Far East, the prime institute Gidroproyekt [All-Union Survey, Design and Scientific-Research imeni S. Ya. Zhuk] is designing right now a support base for the construction industry in Lesosibirsk. It should support erection of lower GES's on the Yenisey and its tributaries. It is important that the capacity of this base be introduced well before start of the erection of the next hydropower station. USSR Minchermet [Ministry of Ferrous Metallurgy] and Minneftegazprom [Ministry of the Petroleum Industry], most likely could repeat the successful work experience of Minlesprom [Ministry of the Timber Industry] at the Ust-Ilimskaya GES site and acquire the Boguchanskaya GES's construction base for developing its branches in the region.

Later a regional base for the construction industry is called for at Vostok, based on the Mok GES base on the Vitim River, in the area of the Taksimo Railroad yard. It should consider the interests of USSR Mintsvetmet [Ministry of Nonferrous Metallurgy] and of hydropower construction on the Lena, Vitim and Olekma rivers.

The time has come also for the erection of a large regional base for power engineers at Komsomolsk-na-Amur. This base must be designed for great prospects. It should provide for pioneering development for construction of the Urgelskaya GRES and of AES's and other facilities for power engineering, from Pevek to Vladivostok and Yuzhno-Sakhalinsk, and also provide help to friends, from Pyongyang to Ho Chi Min. The construction collective of Komsomol TETs-3, after startup of the first power unit, can undertake erection of the crushed-rock plant of the Poni Railroad Yard and of the large-panel housing-construction plant. The collective of Khabarovsk TETs-3 is undertaking erection of a plant for metal constructional structure in the kray's center.

With financing of regional bases for the construction industry in Siberia and the Far East, obviously it is already time to depart from the branch principle of distributing budgetary grants. Indeed it has led to an appreciable worsening of the ecological situation and to delay in the social development of these regions in the past. It is desirable to transfer budgetary funds for the erection of construction-industry bases, ecological measures, housing, and social, cultural and personal-amenity facilities, and for infrastructure development to local soviets of people's deputies. They should be the clients for these facilities and should be urgently concerned about development of the regions. One should not allow the soviets, as before, to depend upon bureaucratic measures. It is desirable to finance through ministries and departments only those enterprises that are specific for each branch and will support its development and technical progress.

### 1988 Co-Op Development Assessed

18280108 Moscow *EKONOMICHESKAYA GAZETA* in Russian No13, Mar 89 p 14

[Article by A. Glushetskiy, Candidate of Economic Sciences. "Cooperation: Problems of Development"]

[Text] Over the past year, the number of cooperatives of all types engaged in the production of goods and the furnishing of services increased by a factor of 5.5 and on 1 January 1989 there were 77,500 of them. They employ 1.4 million workers. Many work during those hours when they are free from their principal occupation. At the present time, the proportion of people holding down two jobs is approximately 47 percent.

Cooperative production is steadily increasing. More than 6 million rubles worth of goods and services were provided in 1988, or seventeen times more than in 1987. Roughly 1.5 billion rubles worth of consumer goods were produced and 1.3 billion rubles worth of domestic services provided. These indicators surpass the levels for 1987 by 17 and 19 times respectively. In the opinion of USSR Gosplan, the volume of cooperative production will reach 11-12 billion rubles by the end of the five-year plan.

Noticeable movement has taken place in the branch structure of the cooperative sector. Cooperatives have developed at leading rates in the spheres of science, engineering work and in socio-cultural and medical services. Their proportion compared to the overall number of cooperative enterprises increased from 7 to 29 percent and they account for 35 percent of all cooperative employees (at the beginning of 1988, only 9 percent).

From a regional standpoint, cooperatives are developing in an irregular manner. Thus in the Central Asian republics, where it would seem that there are more prerequisites for this—a surplus of labor resources, a low level of support for the population in the form of domestic and socio-cultural services—it is unfolding in a slow manner. In the Turkmen SSR, the volume of cooperative output and services per inhabitant is 6 rubles, in the Tajik SSR—7 and in the Kirghiz SSR—15 rubles (21 rubles for the country as a whole).

The Baltic republics are the leaders in terms of the rates of development for cooperative production. In the Latvian SSR, the volume of products and services provided by cooperatives per inhabitant is 71 rubles, in Lithuania—64. The Baltic republics are followed by Armenia—64 rubles per inhabitant and Georgia—38 rubles.

The rates of development for the cooperative movement could be considerably higher and its contribution towards saturation of the consumer market much better were it not for a number of as yet unresolved problems. For example, the existing forms for logistical supply, price formation, income tax and the credit-financial accounts for cooperatives are still far from perfect. This

are hindering the effective deployment of cooperation and promoting the appearance of negative trends in it. Thus, in supporting the cooperative movement in every possible way, we must create the counter-balances needed for the distortions in this important work.

First of all, there is the question of the interaction of cooperatives with state enterprises. Two serious problems have been uncovered in this area. The first is associated with the use by cooperatives of the productive capital of state enterprises. The second—with the financial accounts of cooperatives and enterprises for the carrying out of individual types of work.

Throughout the country there are many cooperatives attached to enterprises which operate on the basis of capital leased from them. These are cooperatives which use equipment allocated to them for the second and third shifts. As a rule, these workers hold down more than one job at the enterprises where these cooperatives are created. For example, the "Gorizont" Television Association set aside a portion of its department where, following their shift, those workers who joined the cooperative repair television sets for the population.

Two principal operational trends are typical of cooperatives which are leased from state enterprises: the production of consumer goods from industrial waste materials and the carrying out of auxiliary operations for the principal production operation—repair, adjustment and construction-installation work.

Experience has already been accumulated in the formation of cooperatives based upon liquidated low profitability state enterprises. And in such cases the cooperatives lease the fixed capital but not the individual types of equipment. Instead, they lease the entire enterprises. Usually the cooperators undertake to fulfill the state order of these enterprises in accordance with centrally established prices and they sell their above-plan output at contractual prices for which, as a rule, limits are defined for a possible excess in the state price level.

Typically, fewer workers are found at these cooperatives than were engaged at the enterprise. A considerable increase is observed in labor productivity and labor and technological discipline are raised. The work of a state enterprise is regulated by various types of normative and statutes, while a cooperative possesses greater independence and opportunities for economic maneuvering. The terms for wages in cooperatives make it possible to avoid wage-leveling. Taking advantage of the tax benefits made available and the peculiarities of the cooperative terms for organizing production, the enterprises are able to achieve high results and to increase their profitability sharply. Wages increase substantially.

For example, the "Odessa" Cooperative at Hlukhivsk leased a ship-building production operation. The output per worker doubled and the wages increased from 870 to 500-550 rubles per month. The cooperative produced a launch over and above the plan which it sold at inflated prices for savings.



The cooperative form of management has enlivened many chronically unprofitable enterprises. For example, the "Stroitel" Cooperative, formed in place of the Nevysansk Brick Plant of the "Sverdlovsk Construction Materials Association and a plant for chipboard panels leased by the "Plita-250" Cooperative of the Upper Sinyachikhinskiy Plywood Combine have become profitable and have increased their production volumes.

However, in addition to positive experience in the development of cooperation, which must be summarized and disseminated, certain expenses have also been uncovered. The executive committees of local soviets often sanction the organization of cooperatives (particularly public catering and domestic services) not as additions to but rather as replacements for state enterprises and they do so under the plausible excuse of eliminating low profitability enterprises. Thus, more than two thirds of the public catering cooperatives in the Moldavian and Kazakh SSR's and in the RSFSR, approximately 80 percent of those in Leningrad and 60 percent of those in Moscow were formed to take the place of existing cafeterias and dining halls. But distinct from industrial and construction cooperatives, created on the basis of liquidated unprofitable enterprises, they do not undertake state orders that are to be carried out on the basis of state prices and rates, but rather they convert over to contractual prices which exceed by a factor of 2-3 the prices of public catering enterprises of a higher price category.

It is believed that such practice in the transformation of state enterprises into cooperatives must be suppressed in

a decisive manner. The use of existing state capabilities by cooperatives is possible only upon one condition—their work is in behalf of a state order or is carried out on the basis of contracts with enterprises at state prices. This precludes the possibility of some officials selecting the easy methods for fulfilling the plans for commodity turnover and for the production and sale of goods and services to the population. Indeed, it is no secret that the economic organs often conclude unique "spoilage accounts" with their cooperatives, while taking into account in their accounting data the volumes of cooperative output sold at contractual prices. In such instances, the cooperatives are transformed into contractors which aid the state sector in achieving the required value indicators by means of high prices. Acute problems also surfaced in the cooperative accounts with state enterprises for the carrying out of specific types of work. Thus the Law Governing Cooperation authorizes cooperatives not only to produce consumer goods but also products of a production-technical nature. Taking advantage of this law, many cooperatives have started orienting themselves mainly towards carrying out the more profitable orders of enterprises and ignoring the task of saturating the consumer market. For example, cooperatives for providing domestic services for the population furnished 45 percent of their services to various enterprises and organizations. Cooperatives for the production of consumer goods sold 57 percent of their entire output volume to non-market consumers. Moreover, when performing this work and services, the cooperatives often use marketable resources intended for sale to the population.

#### Number of Active Union Republic Cooperatives on 1 January 1989

	Total Number of Cooperatives	Including:				
		Domestic Services	Public Catering	Consumer Goods Production	Procurement and Processing of Secondary Raw Materials	Other Types of Cooperatives
USSR	77548	23716	7583	16152	2353	27744
—RSFSR	38895	12123	3479	7183	1090	15020
—Ukrainian SSR	13534	4252	852	2575	510	5345
—Belorussian SSR	2518	756	97	354	116	1195
—Uzbek SSR	3226	1113	423	517	56	1117
—Kazakh SSR	4572	1391	587	841	196	1557
—Georgian SSR	2089	378	403	1051	35	222
—Azerbaijan SSR	1291	421	255	309	40	266
—Lithuanian SSR	1569	379	143	528	70	449
—Moldavian SSR	1644	566	85	324	40	629
—Latvian SSR	1190	453	81	240	32	384
—Kirghiz SSR	1265	413	205	245	40	362
—Tadjik SSR	723	258	130	98	39	198
—Armenian SSR	3616	682	658	1611	22	643
—Turkmen SSR	447	200	95	112	26	14
—Estonian SSR	969	331	90	164	41	343

Principal Indicators For Cooperative Work By Union Republics on 1 January 1989

	Number of Active Cooperatives, in thousands	Number of Workers in Them, thousands of workers	Volume of Products (Services) Sold in 1988, millions of rubles
USSR	77.5	1396.5	6060.6
—RSFSR	38.9	708.2	3325.8
—Ukrainian SSR	13.5	248.8	900.6
—Belorussian SSR	2.5	43.5	143.1
—Uzbek SSR	3.2	71.6	229.3
—Kazakh SSR	4.6	72.6	275.4
—Georgian SSR	2.1	32.3	204.0
—Azerbaijan SSR	1.3	15.8	69.0
—Lithuanian SSR	1.6	25.5	118.2
—Moldavian SSR	1.6	38.5	158.1
—Latvian SSR	1.2	28.7	190.5
—Kirghiz SSR	1.3	15.8	63.5
—Tajik SSR	0.7	12.5	35.3
—Armenian SSR	3.6	56.4	223.3
—Turkmen SSR	0.4	4.8	22.9
—Estonian SSR	1.0	21.5	101.6

As a result, the cooperatives were authorized to perform work for state enterprises, the payments for which were carried out earlier in the form of non-cash transactions, with the redistribution of a considerable amount of non-cash monetary funds into cash. Moreover, the enterprises and organizations, when concluding agreements with cooperatives for the production of goods and the provision of work and services, pay for them from the production development fund and do not always correct the indicators used for determining the wage fund. This also leads to a surplus issuing of cash monetary funds.

**Alleged Attempt to Ban RSFSR Co-op Congress**  
18280101 Moscow SOTSIALISTICHESKAYA  
INDUSTRIYA in Russian 26 Mar 89 p 2

[Article by Ye. Panov, SOTSIALISTICHESKAYA INDUSTRIYA correspondent: "Rumors Are Circulating...."]

[Text] On 25 February, the VECHERNIY LENINGRAD newspaper inserted a note: "Greetings, we are at the congress," under the headline "Rumors Are Circulating...." I will quote: "Rumors have recently circulated around the city that the local authorities allegedly opposed to the expansion of the cooperative movement. In particular, they have not given permission to hold a congress of Russian Federation cooperatives in Leningrad." The editors have turned to G. Bukin, deputy chairman of the Leningrad council's ispolkom, for an explanation. Here is what he said:

"... The organizers of the congress informed the Leningrad Council's ispolkom of their intentions only on the eve of the conference. In other words, they thought it sufficient to simply present us with a fait accompli.

However, you see, the organizers—one must assume—we knew that there is a definite procedure and time frame for obtaining permission to conduct various types of conferences, congresses, assemblies, and meetings from local authorities."

No one had authorized the organizers of the present congress to invite more than half a thousand individuals, whom it was necessary to accommodate somewhere, to Leningrad.

The Russian cooperative members had conducted their first congress in the city of Naberezhnyye Chelny. These actions of theirs were contrary to the decision of the RSFSR Council of Ministers about conducting the founding conference of the republic's Union of Cooperatives and its first congress in Moscow. It is quite understandable that the Leningrad Council's ispolkom cannot ignore the decision of the RSFSR Council of Ministers and say "O.K." to holding in Leningrad a congress that was planned by a few leaders of the cooperatives. The citizens have commissioned the ispolkom to be the master on their territory. It is this agency of authority that bears responsibility for order in everything."

At the same time that the city-dwellers were becoming acquainted with the denials of the rumors about the congress, the congress' organizational committee, which was working in the Progress Cafe cooperative, was accommodating its last delegates and guests in hotels, hostels and apartments. It was not simple to arrange for 372 people; however, they managed even without the "master of the territory." It was even more complicated with premises—no one took the risk of going counter to the ispolkom. V. Yurchenko, Progress chairman and one

of the congress organizers, suggested they work in the hall of the future cooperative restaurant, which was being rebuilt. Yurchenko took a chance, but what else was there to do?... They removed construction material and debris during the night, built benches out of boards and covered the windows with paper. The congress opened at ten o'clock on the morning of 25 February.

It opened and soon nearly closed—since the question of whether the congress was permitted or not arose instantly among part of the delegates. They read out the note in VECHERNY Leningrad. They heard the official answer of G. Bukin, the ispolkom deputy chairman ("your letter has been reviewed and in connection with the strain on the hotels by tourists and the conducting of other planned measures, the holding of a congress by RSFSR cooperatives in Leningrad is rejected"). The situation was transformed into a criminal one. How should one act?

Opinions were divided. If the congress is forbidden, some contended, it is impossible to hold it. The resolutions would not have any force and the USSR Supreme Soviet, RSFSR Supreme Soviet, USSR Council of Ministers, or RSFSR Council of Ministers—in a word, any department—would be able to repeal them. One should not confront the departments in any case. This is anarchy and political hooliganism. Let us disperse, lads! Without waiting for the police....

Others objected: No, let us stay! However, let us hold not a congress but a preparatory conference for the congress. We will make a concession to the authorities and we ourselves will lose nothing.

A conference?!—Others were indignant. They sent us to a congress! We have flown for 10,000 verst! What might the local bureaucrats say... they are separating us so that it will be more convenient to beat up on one, and you are submissively turning the other cheek. Let us have a congress!.....

The hall shook with shouting for a solid hour. The "red businessmen" resembled the unruly children of Lt Shmidt. They managed to vote after an hour. By a majority of votes, they decided to conduct a congress, to conduct exactly a congress.

It lasted two days. The police appeared three times, but not for long. They behaved extremely correctly.

The congress worked out a resolution on the union's programs, adopted a declaration, introduced corrections into its regulations, and selected the executive and control agencies of the RSFSR Union of Cooperatives. The main thing, it seems to me, is that it pointed out some common approaches to the problems facing the cooperative movement. Yes, we are only talking about approaches because it is still not proper to talk about agreed positions and, even more so, about a platform that has been thought out to the smallest detail.

I will dwell only on three problems—mutual relations with the authorities, civilization factor and organization. How did the participants in the congress treat them?

The first problem is mutual relations with the authorities. It would seem that the congress had entered into a confrontation with the Leningrad gorispolkom. Generally speaking, however, it is not beneficial to regard the situation within a "confrontation-obedience" framework. It is necessary to evaluate it within the framework of the law. The Law on Cooperatives in the USSR reads that associations of cooperatives are established not in a registered or permitted manner but without prior arrangement. Therefore, meetings, congresses and other measures, which these associations organize, are legal and competent. They are not meetings, processions or demonstrations. In the case of a procession, there is no legal subject. One exists here—the Union of Cooperatives with regulations and program. The holding of a congress in Leningrad or Morshansk during February or July is an internal matter of the union. No invitation or permission for this is required from anyone.

Since it is not necessary for the cooperative members to ask the Leningrad gorispolkom for an "O. K.!", it was only necessary to inform the ispolkom. It was necessary for the Leningrad gorispolkom to simply take the notification under consideration. Moreover, by stating that the organizers had informed the Leningrad gorispolkom "only on the eve of," Comrade Bukin was playing a cunning trick. "On the eve of" means the "previous day," but the rejection was signed on 10 February—two weeks before the congress. It was not reliable or material. You see, people from 38 oblasts, krais and autonomous republics in Russia, representing 18,000 cooperatives came together in Leningrad. They had mandates issued by kray and oblast ispolkoms. Soviet kray and oblast workers were among the delegates.

The second problem is the civilization nature. How many copies have been puzzled over in attempts to interpret Lenin's words about the structure of the cooperative system! Would it not be more correct to fill them with a real content?

S. Patrushin, a delegate from Chelyabinsk Oblast, cited an extremely curious fact. According to data from the oblast statistical administration, the Chelyabinsk cooperatives produced products worth 21 million rubles in 1988. The cooperative societies verified the conclusion of the official statistics using the notorious amount of their taxes and obtained ... 197 million rubles—almost tenfold more! A similar check was conducted in three oblasts. And everywhere the successes of the cooperative movement had been substantially lowered.

This means that the cooperative system is really becoming a new and serious structure and an alternative sector in the economy. What does it need first and foremost? Equipment, raw material and a product market. A market is the main economic civilization factor. However, in

turn, a market requires information and statistical self-service, financial and banking support, cooperation with international and national associations of cooperatives, and—finally—advertising....

The economic aspect of the civilization factor has been formulated in the appropriate union programs. The social one is expressed in the programs "The Cooperative System and Society" and "The Cooperative System and the Individual." What is being implied here? For example, the involvement of unmarried mothers and the disabled in the cooperative system. Permanent charity is beyond individual cooperatives. The union is able to establish and implement a profitable program for aiding population groups of scanty means. Why shouldn't the production of equipment for invalids be organized with the "Charity Society?...

Further. The civilization factor is unthinkable without discipline. Properly speaking, it merges here with the third problem of the movement—organization.

The concluding declaration of the congress reads: "1. Combining into a single voluntary union is the main task of the cooperative movement today. 2. The establishment of a confederation of unions in the republic and in the country on a voluntary basis is the most adequate form of association.... 4. The second congress of RSFSR cooperatives calls for a "Russia" association of cooperatives, an interregional association of cooperatives in Naberezhnyye Chelny, Moscow unions of cooperatives, other associations of cooperatives; and for the USSR and RSFSR governments to enter into immediate negotiations on this matter."

Does it turn out that this union is by no means the only one? Does it appear that it is generally incomprehensible or that, perhaps, it is even—a fiction or a myth? The Leningrad gorispolkom had a reason for considering its congress a spontaneous activity going counter to the decision of the RSFSR Council of Ministers. However, the delegates from 18,000 cooperative societies thought otherwise. The 38 regions of the republic, where they—of course—respect the position of their government and carry out its decisions without question, went "counter to" and sent people to Leningrad.

The congress pointed out that the trouble is that the cooperative movement is growing and branching out. One of the participants, a Muskovite, said "a hidden life is taking place" in it. Information is required in order to examine it. This is no trifling matter.

Honestly speaking, cooperative unions are a strange item—something like forced associations of free entrepreneurs who have agreed to support each other for the sake of survival. People, who are remote from politics, have entered business. Perhaps they should be involved in politics since our politics and economics are essentially identical. Together, it is necessary to oppose the bureaucracy which is skillfully arousing the anger of the

population against cooperatives—anger which is evoked by the bureaucracy's complete inability to arrange life in a humane way. It is necessary to combat the arbitrary rule of the departments whose hands are writing draconian ukases and decrees under the conditions of so-so legislation. It is necessary to think about the promotion of deputies to republic, city and local agencies of authority, but it is only possible to promote deputies from groups, associations, societies, unions....

All of them are equal and all have the right to exist. The delegates said that competition between them could turn into "a very severe tragedy." That is why the call for an association "on a confederation basis" was heard at the Leningrad congress... True, rumors circulated in the hall—about the fact that an alternative congress of RSFSR cooperatives, which would take place under the aegis of the government and would create a "home" and a completely controlled union headed by "Napoleons" who were straining for a warm place, was being prepared in Moscow; all other unions would be declared illegal. About the fact that there is an intention to form a USSR State Committee for Cooperatives, which would have subordinate to it the all-union councils of kolkhozes and consumer cooperatives along with the voluntary cooperatives, that it had been agreed that one prominent figure would head this committee, and that this would mean the state institutionalization of the cooperative movement and its end.

Alarming rumors. Who will refute them?...

#### **Legislation on Worker Layoffs Clarified**

18280050 Moscow CHELOVEK I ZAKON in Russian  
No 12, Dec 88 pp 17-20

[Article by A. Zaykin, doctor of juridical sciences, and N. Brilliantova: "Labor Contract"]

[Text]

#### **Layoff**

A **layoff on the administration's initiative** is carried out on the grounds established in legislation (article 33 of the RSFSR Labor Code). According to article 33 of the RSFSR Labor Code, a layoff, as a rule, is permitted only with the consent of the trade-union committee of an enterprise, institution, and organization. If, however, it is carried out without the consent of the trade-union committee, the body that examines the labor dispute should postpone its resolution until an examination by the trade-union committee of the matter of consent to the dissolution of the labor contract with the worker. In case of a refusal to give consent to the worker's layoff the trade-union committee adopts a decision on reinstating him in his job.

The trade-union committee's decision concerning the consent to a layoff should be adopted by a competent composition, that is, more than one-half of the members



should be present at the meeting of the trade-union committee and the majority of those present should vote for the layoff. If the necessary quorum is not present, the decision is considered not rendered. However, the administration's order based on such a decision is considered issued without the consent of the trade-union committee.

The matter of the worker's layoff should be examined in his presence. Therefore, the trade-union committee must inform him of its meeting. In case of the worker's nonappearance for a valid reason the meeting of the trade-union committee is postponed. If, however, the reason for his absence is not valid, the matter may be examined even without his participation.

The administration has the right to dissolve the labor contract no later than 1 month from the day the consent of the trade-union committee is received.

A dissolution of the labor contract on the administration's initiative without the consent of the trade-union committee is permitted as an exception with respect to individuals indicated in the decree dated 30 September 1965 of the Presidium of the USSR Supreme Soviet; for example, individuals, whose labor disputes are resolved by superior bodies in the order of subordination, or individuals laid off from a combined post or job, and some others.

What are the grounds for a layoff on the administration's initiative?

Article 33 of the RSFSR Labor Code contains nine such grounds.

**According to point 1 of this article,** a layoff is permitted in case of liquidation of an enterprise (institution or organization), or reduction in the number (staff) of workers. At the same time, worker layoffs in connection with the liquidation of an enterprise do not require the consent of the trade-union committee.

During the reorganization of an enterprise (merging, joining, division, and so forth) labor relations with the worker's consent continue. The termination of the labor contract on the administration's initiative is permitted if, as a result of reorganization, a reduction in the number or staff of workers occurs.

At the same time, there must be, in fact, a reduction in the number or staff of workers at an enterprise (institution or organization).

A preferential right to remain on the job when staffs are reduced is granted to the workers indicated in article 34 of the RSFSR Labor Code. First of all, these are individuals with higher labor productivity and skills. In case of equal productivity and skills preference is given: to individuals with families—if they have two dependents and more; to individuals whose family does not have

other workers with independent earnings; to workers with a long service of continuous work at this enterprise (institution or organization); to individuals who received an injury or an occupational disease at this enterprise; to workers improving their skills, while continuing normal work, at higher and secondary specialized educational institutions; to disabled war veterans and members of families of servicemen and partisans, who died or disappeared without a trace during the defense of the USSR.

**According to point 1<sup>1</sup> of article 33 of the RSFSR Labor Code,** workers who have reached the pension age and have the right to full old-age pensions can be laid off. At the same time, the labor contract with workers receiving disability, long-service, or old-age pensions under preferential conditions cannot be dissolved on this ground until they reach the age of 60 for men and 55 for women and if they do not have the right to full old-age pensions (that is, they do not have the necessary length of service—25 years for men and 20 years for women).

This procedure of laying off individuals, who have reached the pension age, is not applied to workers elected to posts by the labor collective, as well as to individuals, with respect to whom legislation has established another procedure of dismissal from work on the basis of age.

When this point of article 33 of the RSFSR Labor Code is applied, it is necessary to take into account article 18<sup>1</sup> of the RSFSR Labor Code, which grants the administration of an enterprise (institution or organization) the right to maintain, jointly with the trade-union committee, labor relations with workers and employees, who have reached the pension age, if they work conscientiously and with full efficiency, have high labor results, and enjoy deserved prestige in the collective. In these cases the issue by the administration of an additional order (instruction) on the maintenance of labor relations is not required.

With other workers, who have reached the pension age and have the necessary length of service for granting full old-age pensions, labor relations either continue by agreement between the parties through the conclusion (reconclusion) of a labor contract for a fixed period (for a period of up to 2 years), or are terminated on the administration's initiative with the consent of the trade-union committee.

The dissolution of the labor contract according to **point 2 of article 33 of the RSFSR Labor Code** is carried out in connection with the revealed noncorrespondence of the worker or employee to the position held or job performed owing to insufficient skills or his state of health, which prevent the continuation of this job.

Insufficient skills or the state of health, which hamper the proper performance of labor duties, should be certified by documents.

At the same time, it should be kept in mind that the dissolution of the labor contract according to point 2 of article 33 of the Labor Code is inadmissible with workers not having the necessary production experience in connection with a lack of length of labor service, as well as of special education, if it is not a mandatory condition when the labor contract is concluded. The conclusions of the certification commission on the worker's business qualities are subject to an evaluation in combination with the other evidence in the case.

The dissolution of the labor contract owing to a worker's unsuitability to the performed job on account of his state of health can occur in case of a steady decrease in work fitness, which hampers the proper execution of labor duties, or if, owing to the worker's state of health, the performance of labor duties is contraindicated for him or is dangerous for members of the labor collective or citizens serviced by him.

**Point 3 of article 33 of the RSFSR Labor Code** provides for a layoff for a systematic nonfulfillment by a worker or an employee without valid reasons of the duties imposed on him by the labor contract or by internal labor regulations if disciplinary or public penalty measures were applied to him previously. Judicial practice indicates that workers, who have already incurred a disciplinary or public penalty for a breach of labor discipline and have again breached it, the previous penalty not being removed from them either ahead of schedule, or in connection with the expiration of the period (that is, a year has not yet passed from the moment of its imposition), can be laid off on this ground.

Public penalty measures should imply penalties for non-performance of labor duties applied to a worker by a labor collective, a comrades' court, and public organizations in accordance with the statute and charters determining their activity.

According to **point 4 of article 33 of the RSFSR Labor Code**, absenteeism, that is, absence from work without valid reasons during an entire work day (work shift), is a ground for a layoff. Absence from work without valid reasons for more than 3 hours in succession, or for a total of 3 hours during the day, is a ground for a layoff.

A worker can be laid off on this ground only if he is outside the territory of the enterprise (facility), at which he works, for more than 3 hours. Although his presence without valid reasons not at his work place, but on the territory of an enterprise (institution, organization) or a facility, where he is supposed to perform labor functions, including for more than 3 hours during the work day, is a breach of labor discipline, it cannot be considered absenteeism.

**Point 5 of article 33 of the RSFSR Labor Code** grants the administration the possibility of laying off a worker in connection with his nonappearance at work during more

than 4 months in succession because of temporary disability (with the exception of a maternity leave). In this case a layoff is permitted only during the period of the worker's sickness. At the same time, for individuals suffering from tuberculosis the place of work is reserved for 12 months and for workers who have received a labor injury or an occupational disease, until a full restoration of work fitness or the establishment of disability.

According to **point 6 of article 33 of the RSFSR Labor Code**, workers and employees can be laid off in case the individual, who previously performed this job, is reinstated in it. This is possible in three cases: 1) reinstatement in the job of an illegally laid off or illegally transferred worker; 2) return of a worker, who was called up for military service and transferred to the reserve, if no more than 3 months have passed from the day of his call-up, not counting the time of travel to the place of residence; 3) return of a worker laid off in connection with a conviction considered illegal if no more than 3 months have passed from the time of entry into force of the acquittal, or rendering of the decision on the dismissal of a criminal case in the absence of elements of a crime and so forth.

For appearance at work in a drunken state, as well as in a state of narcotic or toxic intoxication, workers and employees are laid off according to **point 7 of article 33 of the RSFSR Labor Code**. At the same time, it is of no significance when a worker appeared in a drunken state, that is, at the beginning, in the middle, or at the end of the work day, as well as whether he was dismissed from work or not. Of importance is the very fact of his being in a drunken state during work time at the place of performance of labor duties.

The worker's drunken state, as well as the state of narcotic or toxic intoxication, can be confirmed both by a medical conclusion and other evidence.

**Point 8 of article 33 of the RSFSR Labor Code** provides for a layoff for misappropriation (including petty) of state or public property at the work place, which is established by a court sentence that came into legal force, or a decision of the body, whose competence includes the imposition of an administrative penalty or the application of public effect measures.

It must be noted that, according to points 1, 2, and 6 of article 33 of the Labor Code, a layoff is possible only in case the administration does not have the possibility of transferring the worker to another job with his consent, or if the worker rejects the transfer.

In addition to the general grounds for worker layoffs on the administration's initiative, **article 254 of the RSFSR Labor Code** establishes additional grounds for the termination of labor contracts of some categories of workers and employees. These grounds will be examined separately.

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## CIVIL AVIATION

### Air Passenger Services Scored

18290160a Tashkent PRAVDA VOSTOKA in Russian  
3 Mar 89 p 3

[Interview with B. Besedin, chief of the Service To Organize Passenger Transport [SOPP] at the Tashkent Airport, by A. Krivtsov, PRAVDA VOSTOKA correspondent: "Service Is the Creation of Professionals"; date and place not given]

[Text] PRAVDA VOSTOKA has repeatedly addressed the subject of the shortage of air tickets and the poor quality of passenger service. The complaints have not lessened, however. Even though the editors are receiving official responses to the publication, in which the criticism is as a rule acknowledged as fair and constructive, the measures directed toward correcting the shortcomings are being enumerated.

Service for the air passengers is slowly changing for the better. The speed and comfort guaranteed by Aeroflot often remain no more than the proclaimed privileges of its customers. As was noted in a letter from one of our readers, it is not so simple to take advantage of the advice of one of the world's leading air companies—"Fly Aeroflot!"

The editors have acquainted B. Besedin, chief of Service of the Organization of Passenger Transport [SOPP] at the Tashkent airport, with the mail from the readers. Our correspondent met with him.

[Besedin] Please, just do not turn our conversation today into a cliché interview with an unchanged list of the "successes achieved during the year, and the unsolved problems." In my opinion, this "genre" long ago outlived its usefulness.

[Krivtsov] You feel that it has all been said. Just how, though, Boris Vasilyevich, can you by-pass the specific facts and figures that reflect the work of your service?

[Besedin] There are not so many of them. I feel that it is unethical to juggle them as proof of the successful work of the SOPP collective. Let us speak to the point.

The transition to cost accounting for all the sectors made it possible for Aeroflot to obtain over 400 million rubles of above-plan profit last year. Most of the enterprises in the Uzbek Civil Aviation Administration, however, were unprofitable. This does not mean that we are all idlers. Last year almost 3.5 million passengers were transported on the airships of the Tashkent aviation enterprise, and about 7 million baggage units were processed. In the process, not a single case of theft was reported. This fact, at first view insignificant, actually indicates a great deal, particularly the fact that our workers have begun to have a more responsible attitude toward fulfillment of their service obligations.

[Krivtsov] Nevertheless, there has been no lessening of the complaints addressed to the passenger transport service and the Central Passenger Ticketing Agency (TsAVS). Judging by the letters from the readers, air transport is one of the sore points in the service sphere.

[Besedin] I have my own opinion on this score. I do not want to beat my fist on my chest and confess to the errors of my home department.

I have earned a stable immunity to boorishness and cheating, for example, in our trade. Up until very recently, we perceived them as the inevitable attributes of the system. Aeroflot is a different matter. It is a psychological or, rather, a social paradox: the higher the standard of the service, the higher the demands imposed on it. Incidentally, sociologists have proven this.

This is not a theorization, but a reality with which we clash every hour. The passenger is certain that the chief of the terminal, the registration attendant and the ticket cashier are magicians who can do everything: buy tickets, send someone who so wishes on any run, in any weather. The roots of this attitude toward the Aeroflot workers stretch back to the stagnant times. In those years, really, everything could be demanded of them. For example, the daily runs from Tashkent to Dzhizak—Rashidov's homeland—have one or two passengers on board. The pilots who are indignant about this have been advised not to confuse policy with the commercial load.

[Krivtsov] Do the negative things of the past, which have touched upon your department and have not yet been outlived, really have only administrative-bureaucratic roots?

[Besedin] Basically. The economy collapsed, and Aeroflot was part of it—the result of libertarian approaches to solving its problems. The morally and physically worn out resource potential of the Tashkent Airport was determined and is in many ways still being determined, and today the quality and level of passenger service standards—the equipment and the people are indissolubly tied. A complex production facility such as an airport, where rejects are permitted in only one section, has an effect on the hundreds of passengers, until recently controlled not by the economic system, but by the directives.

The administrative-managerial apparatus, under the press of which we continue to work, exacerbates old problems and engenders new ones. The first one, obviously, is connected with the democratization of all aspects of public life. The everyday philosophy of a certain number of the passengers is reduced to a speculative model: "There is restructuring in the country, and you cannot guarantee me a plane ticket!" This is superfluous confirmation of the fact that pure democracy alone is not enough. An airplane cannot take off into the air through cries of the pluralism of opinions.

The TsAVS and SOPP are the services forming the commercial load for the run. One sells tickets, and the other organizes the enplanement of the passengers. We must correct the errors made when selling tickets—under conditions of a severe shortage of time, and the stress loads, caused by the righteous indignation of the passengers.

This is not crying on anyone's shoulder, but the actual state of affairs, determining the economic situation in the air enterprise, with all the ensuing conclusions of a "nonproductive" nature.

The need to take both services of the department under one roof has long been pressing. Moreover, I think that it is necessary to create a regional association on the basis of the leading air enterprise. That is, all the air enterprises of the republic must be united. This should be its own unique type of air company, the services for which interact on the basis of contractual ties—a joint venture of the air routes, airplanes, service equipment, equipment and formation of the commercial load of the runs.

[Krivtsov] Let us return to the "prosaic side of life" of the Aeroflot passengers. I know from personal experience that, despite heated discussions, arguments and investigations in the pages of the newspaper, "the measures taken" to buy a plane ticket, and in precise accordance with the time indicated on it to arrive at the designated airport, remains a problem for the Tashkent people living in the oblast centers. What is the root of the evil?

[Besedin] In 1987, 2700 passengers holding tickets were unjustifiably kept off flights at the Tashkent Airport. In the past—1000 less. There are two basic reasons—"double" or above-limit sale of air tickets and unplanned restrictions of the maximum commercial load. The first is the result of errors or abuses by the TsAVS workers, who are granted the right to calculate the number of seats for the run. The second is the result of errors made in determining the optimum load permitted by the Tashkent air enterprise and the TsAVS. It was our job to explain all these fine points to the passengers and keep them off the flights.

Believe me, to take other's sins on one's conscience and bear the responsibility for it is not one of the most pleasant tasks. Our collective has 600 persons. How much patience, restraint and tact each one has to have. The passenger turnover at the Tashkent air terminal complex is from 5000 to 30,000 persons a day—is it possible for each one to remain content and have no complaints about the SOPP shift attendant?

It is almost a rhetorical question. The only answer to it—is leasing. Just by making the transition to it we will be able to free ourselves from the bureaucratic command paths. At the same time, it is important to realize that leasing the air terminal complex still differs from a lease

contract for cattle feed. Not only problems of the organizational procedure arise. The main thing is restructuring the psychology and attitude of the SOPP personnel. We now have quite a few people with a specialized education working for us, with a low level of professionalism and general culture. You can do nothing, the art of personal contact, kindness, attentiveness and tactfulness are not taught in VUZes and SPTU [secondary technical-vocational schools]. Without these qualities, however, the service sphere (including the organization of passenger transport), as a developed sector is economically unthinkable. Service is the creation of a top class of professionals—those, for example, such as E. Mirzayan, A. Yuldashev and E. Talybov, shift chiefs, N. Yasyhina, dispatcher, T. Tulyaganov, baggage receiver, and others.

The specific nature of the work of dispatchers, on-duty terminal chiefs and transport organization chiefs requires maximum professionalism, efficiency and precision in making decisions in unusual situations. The SOPP workers should, for improvement, master the fundamentals of air geography and economics and social psychology. It is important not only to help the passenger, but also, if there is no other way out, to be able to refuse a request with reasoning and courtesy.

It is not limits that are needed for radical reorganization of the transport organization service, but its own free means. If there is leasing, there will be money. The comprehensive plan for transition to the new form of labor organization is being worked out. In the near future we hope to obtain agreement on leasing from UzUGA [Uzbek Civil Aviation Administration] and the Ministry of Civil Aviation.

[Krivtsov] The changes in the work of the passenger transport service organization at the Tashkent Airport can be seen with the naked eye: the passengers are rendered additional types of services, the queues at the cashier's have thinned out, it is easier to obtain necessary information....

[Besedin] The motive of extortion has disappeared from the complaints which are sent to us and analyzed. Not a particularly good achievement, but it indicates, that there is less abuse in the SOPP system. The passengers and workers at the airport have become more particular and patient with each other. Last year, as compared with 1987, there were far fewer empty seats "flying" in the air, although the transport volume grew.

The route of the passenger to the cherished window of the air ticket office often seems to be "longer" than the flight itself. Both a seat on the plane and the cashier who sells the ticket here are inaccessible. After overcoming the endless bureaucratic bans, several additional air ticket cashier windows were recently opened on the local lines. Tickets can be acquired here directly before the take-off, at the registration counters. We have been inured to lines, after all, for decades, and have not considered this a social evil. It is humiliating to stand for



long hours in endless "queues," but is much more offensive to find dodgers, protecting their own dignity with a petty bribe or by means of informal connections.

The central airport building has installed automatic machines to receive additional payments for baggage, and has opened a dispatcher's station for information on the availability of unoccupied seats. This has also helped to "clear the air" at the registration posts and air ticket counter.

We are putting order into business ties with cooperatives. The airport has opened cooperatives to serve passengers with children. Electronic machines are being installed for our automated information system. With its help, the passenger can obtain any information that interests him.

Once more, however, I wish to emphasize that all our efforts will bring nothing or almost nothing, if the administrative-command structure of control is retained. You will note that during our entire conversation there have been about 20 telephone calls. Half of them are requests for help in dispatch. Right now, for example, I should board on a plane three passengers critically in need of a flight. The parents are taking their child for an operation in Moscow. They could not get enough tickets. Should I do this, if there are no tickets?

Under leasing conditions this problem would be answered much more simply. As would, incidentally, many others.

#### **Engine Shortages Hamper Air Operations**

18290160b Moscow VOZDUSHNYY TRANSPORT in Russian 15 Apr 89 p 1

[Interview with V. Krivosheyev, chief of the Main Administration for Aviation Technical Equipment Operation [GUEAT], by V. Tamarin, VOZDUSHNYY TRANSPORT correspondent: "What Next: The Operating Pulse of the Sector Has 122 Airplanes 'Laid Up'"; date and place not given]

[Text] V. Krivosheyev, chief of the Main Administration for Aviation Technical Equipment Operation [GUEAT] has a conversation on this pressing subject.

[Tamarin] Vladimir Nikolayevich, in a conversation with the minister, which discussed the results of work in the first quarter of 1989, the chiefs of the DPO [Division of Transport Group], VNO [All-Union Scientific Association] and TsUMVS [International Air Services Central Administration] spoke with alarm of the growing numbers of airplanes "laid up." There is a disastrous need for engines to replace those that have gone out of order. Just how gloomy is the picture?

[Krivosheyev] Judge for yourself: 96 heavy-duty aircraft are standing, awaiting engine replacements at the airports, and 26 at the Civil Aviation aircraft repair plants.

Moreover, 8 Tu-154M's are standing, and this is one-fifth of the entire fleet of these excellent airplanes. Does this really constitute grounds for complacency?

[Tamarin] Absolutely not. But somewhere in this gloomy picture of the statistics of idle times, dawn should loom, and a way out of this blind alley be found?

[Krivosheyev] If you have in mind the delivery of new engines by industry, the dawn will not come quickly: MAP [Ministry of the Air Industry] promises and guarantees nothing. We are trying to find a way out through our own forces. As they say, necessity is the mother of invention, and we must transfer engines from plane to plane, if one of them goes out of operation. Therefore, last year we transferred about 600 engines.

[Tamarin] Indeed, it is a bad situation that makes you resort to this operation, which, in addition to the technical complexities, also harbors the danger of disturbing the technology of the units for even an elementary cause—inattention, for example, or forgetfulness. Is this not so? It is—in the first place. And in the second place, what is being done by the specialists of the main administration so that fewer planes remain grounded? After all, even this figure—132 airplanes—on the threshold of mass transport cannot help but be distressing.

[Krivosheyev] In collaborating with specialists from the Administration of Ground Structures we have achieved a reduction in premature removal of engines due to nicks in the turbine blades. We have managed to achieve this because of careful maintenance of the runways. Just this year we managed to reduce premature removal by 107 engines. This idea was embodied: when repairing the engines of a Tu-154 airplane, we install skewed reversing grids on them, and then an air stream was directed so as to reduce the probability of foreign objects from the runways getting into the engines.

In close cooperation with the aviation industry we have to a certain extent solved the problem of premature removal for structural-production shortcomings: during the year the removal was reduced by almost 200 engines.

It took us several months to prove the need for our home department to fork out expenditures to prolong the time between overhauls for the planes. Due to the intervention of B. Panyukov, first deputy minister, the problem was solved, but our bewilderment remained: why was it so difficult to prove obvious things? Why do we try to save on trifles, while at the same time losing in large ways? For example, GUZSANT [Air and Ground Production Equipment Orders Main Administration] persistently orders too few spare parts from industry, and as a result—there are idle times at the repair plants.

All the same, we are optimistic. The people of our subsector are geared for battle, they have a conscientious attitude toward their work and are trying to do everything to make the planes fly, and not stand around in "bread lines."

[Tamarin] Is your optimism not excessive?

[Krivosheyev] It is inherent in man to trust for the best. I want very much for our alarms and cares to be shared by all who are answering for the smooth operation of the sector. I trust that it will be this way.

## MOTOR VEHICLES, HIGHWAYS

### Ukrainian Road Construction Reviewed

18290158a Kiev PRAVDA UKRAINY in Russian  
5 Mar 89 p 2

[Interview with V.T. Guts, UkSSR minister of Road Construction and Operation, by Ye. Guzhva: "Coming Out on the Main Road"]

[Text] "Roads are expensive, but it is more expensive to be without a road"—that is a saying that is grasped more keenly today than ever before. After all, for the first time in many years we have taken a frank look at the living conditions for people in both urban and rural areas. While the roads for the city-dwellers are more or less organized, for the villagers, out of all the pressing problems, they name the roads. The road is life for them. Can you imagine a village in winter, autumn or spring—when you can go nowhere, by foot or by vehicle. There are, it seems, still over 3600 such villages in our republic.

Although in the last few years, the road specialists of the Ukraine have built over 80,000 kilometers of new roads, mainly in the rural area, and have connected all the central farmsteads of the kolkhozes and sovkhoses with main highways, the road network still does not come up to the present social-economic development of the republic.

A conversation on this subject was held with V.T. Guts, the UkSSR minister of Road Construction and Operation.

[Ye. Guzhva] Viktor Timofeyevich, what is the present state of road service in our republic?

[Guts] When our ministry was created 20 years ago, we were faced with a problem—to put an end to the lack of roads, particularly in the rural area, and systematically raise the transport-operational quality of service for main motor vehicle roads.

Quite a bit has been done. Suffice to say that the network of paved motor vehicle roads in general use is now 92 percent of their length. The most important routes of the Dnepr-Donetsk industrial region have been rebuilt, and 4- and 6-lane highways have been built at the approaches to the major cities.

All the same, our republic still has about 46,000 kilometers of so-called "white" crushed rock and gravel macadam roads. In the past they played an important role in eliminating roadlessness. Now, however, they no longer correspond to the increased transport loads.

[Guzhva] How is one of the most urgent problems being solved—construction of paved roads in the rural area?

[Guts] We realize the complexity of this problem, are aware of its importance and, unquestionably, cannot repeat the errors made in the Nonchernozem zone. No wages can hold the people, especially the young people, in the rural area if there is no road there. This is a social problem. You remember how it was expressed at the 19th All-Union Party Conference.

We intend to complete the remaining 680 approaches to the rural areas included in the road network for general use by 1990. Right now, there is a radical change in the attitude toward the so-called unpromising centers. We have reviewed the entire network of local roads, and have included in it all the approaches to these villages and farms. At the same time, we are looking for and will transfer, in accordance with the procedure of partial participation, funds to construct these approaches through the forces of Gosagrostroy and the kolkhozes or the cooperatives that they have created. With active interaction by all the participants in the construction that have been named, the main work volumes can be completed by the 13th Five-Year Plan. The planning organs and ispolkoms of the local Soviets, on which a great deal depends, should also show an interest in this.

[Guzhva] Can the road specialists not solve this problem independently?

[Guts] The whole difficulty lies in the fact that a critical situation has formed in the sector with respect to provision of the basic road materials and equipment. For example, in the last few years, only 5 percent of the road bitumen needed has been allotted. There is not enough even to rebuild the most important freeways. We produced half of the binders ourselves from road tar, using the units of the road organizations, even though it costs more than industrial bitumen. We had no other way out, though. We also use tar and other wastes and industrial by-products.

The situation is analogous with the provision of cement and rolled metal. We are poorly supplied with construction machines—30-40 percent of what is needed, and with respect to spare parts for the equipment and lubrication materials—half as much.

[Guzhva] Viktor Timofeyevich, can you mention the losses due to road imperfections?

[Guts] By minimum calculations, the republic's national economy loses up to 1.5 billion rubles yearly, of which 0.6 billion consists of direct losses of agricultural products. I will note that this is several times more than we spend yearly on road construction.

The present condition of a number of roads brings to naught the speed possibilities for motor transport, shipping is getting expensive and lubrication material consumption is growing. Even the basic highways, built 20-25 years ago, are overloaded and are unsafe for motor transport. We now need to solve two problems. The first and main one is to complete, in 1990, the construction of paved approaches to the remaining population centers in the network of roads in general use and to intensify the construction rates of these approaches to the remote, small villages and farms located on interior farm roads. The second is to accelerate the renovation of the main routes which bear the main volume of freight transport.

[Guzhva] Last year the government of the republic adopted a decree on accelerating highway rebuilding.

[Guts] Beginning this year and until the end of the 13th Five-Year Plan, we can rebuild, according to the parameters of the first category, about 700 kilometers—although the needs of the national economy are twice that. This was also mentioned at the meeting of the permanent commission of the UkSSR Supreme Soviet, where these tasks were not only set for us, the road specialists, but for the republic's planning organs. An inquiry delegation was sent to the union planning organs in relation to providing material-raw material resources.

[Guzhva] Are you already working according to the new administrative structure?

[Guts] Yes, since 1 January 1989 the sector has converted to full cost accounting and self-financing. We began by cutting the central staff in half, and converted to a two-unit structure. As a result, four republic associations were eliminated, and the number of organizations in the primary administrative unit was reduced from 151 to 128 units. Beginning in 1987 we worked on the financial health of the enterprises and organizations, and in the course of one-and-a-half years carried out general economic education and reduced nonproductive consumption and expenditures. Economic norms were determined for each enterprise and organization, and new forms of organization and wages were developed. At present, all the trusts, 11 oblast production associations and the road administrations are working on a collective contract.

I should particularly like to mention the Poltava Oblast Motor Vehicle Road Association. Without waiting for instructions from above, the oblast set up cooperatives to develop and extract stone materials and planning and is introducing lease contracting to maintain the roads.

[Guzhva] Viktor Timofeyevich, what is being done about organizing up-to-date road service?

[Guts] I must confess that the freeways of the Ukraine still have very few motels, campgrounds, service stations and technical service stations, public catering enterprises and other service facilities. On the proposal of the Ministry of Road Construction and the republic's Gosplan, the UkSSR Council of Ministers adopted a decree on creating road service complexes for the most important highways. In the course of 1988-1992, vehicle stops will be created and technical assistance will be organized, including towing service for motor vehicles and minor repair. Cafes, hotels, medical assistance and communication points, etc. will be constructed for drivers and passengers. For a comprehensive solution to all the problems of road service, an economically accountable Ukravtodorservis Production Association has been set up in the system.

In conclusion, I wish to say that our collectives have at their disposal quite a wealth of experience in the construction and operation of motor vehicle roads, modern achievements of road science and new methods of labor organization, and with the active support of the Soviets of People's Deputies on the sites, the problems posed by our society will be solved.

#### **Motor Transport Problems, Statistics Noted**

*18290158b Moscow NEDELYA in Russian  
No 11, 13-19 Mar 89 pp 6-7*

[Article by V. Markov: "We Will Not Cry over What Is Lost"]

[Text] As everyone knows, we love to fight—for example, with construction padding or with adverse trade phenomena, and for a harvest or for economy. In this way, we are a fighting people: just point out a goal for us and we are immediately in a skirmish. Others, we say sow when they must and what they must, or introduce some sort of conservation technology, but we have a continuous fight—and it is always in full swing.

We particularly love to combat losses. That is because everyone can participate here, both those who gather the harvest and those who extract coal and those who store, process and use all this. Indeed, those who transport it all are also simply always at the epicenter of the fight. They are the topic of conversation in a recent press release of USSR Goskomstat [State Committee for Statistics]—or more precisely—the motor transport workers are.

It appears that last year, as compared with the year before, the volume of freight transport by motor vehicles in general use, rose by 0.8 percent. Remarkable! Although, alas, these rates are not particularly good. On the other hand, the freight losses during the journey on four wheels increased by a factor of 1.4. This, in our opinion, is an increase!

Just what did our splendid motor transport workers lose? Roughly speaking, everything. The total weight was 3,022 tons and the value was over 2.7 million rubles. Some 200 tons of certain liqueur and vodka distillery items, worth 481,000 rubles, were lost. This, however, is only 19 percent more than in 1987. The losses of transported potatoes, for example, rose by a factor of 3.4, and of fruit—by a factor of 2.3. Livestock and poultry proved to be the most variable freight: Some 7.4-fold (!) more of them were lost in transport than in 1987. These are record rates, because, let us say, for grain the "profit-loss" was a total of 40 percent, for milk and dairy products—16 and for meat, oddly enough, only 14 percent.

These are products that the motor transport workers failed to deliver to our table. After all, they also lost hard coal (1.5-fold more than the year before), petroleum freight (1.7-fold) and inorganic fertilizers (33 percent more).... However, we will cut the list short.

It is better to discuss the reasons for which the struggle against losses in motor vehicle transport led to an increase in these very losses. Could it be accidents on the intensive routes? Were there elemental disasters? No, it appears: the damages connected with "loss, spoilage, damage to the freight due to accidents and fires," constituted only 22 percent of the total number. The rest were—shortages, theft, as well as losses, spoilage and damages without the intervention of external forces.

A well known proverb states, they say, "it is lost—we will weep." On the other hand, another one justifiably comes to mind, that "tears do not help misfortune."

What, then, can be done?

It is clear—fight against the losses. Even more energetically than last year. We know how to do this. And we love it.

## RAIL SYSTEMS

### Rail Line Equipment Shortages, Technology Examined

18290147 Moscow *EKONOMICHESKAYA GAZETA* in Russian No 10, Mar 89 p 16

[Article by A. Streltsov, economist: "Kilometers of Risk"]

[Text] The lives of hundreds of people depend on the attentive and precise work of the railroad workers. It is enough, for example, for railroad men to fail to notice and replace even one unserviceable rail—and calamity is

inevitable. Nor do engineers driving the consists, and dispatchers, who sometimes in mere seconds make decisions on receiving and dispatching trains, have a right to make an error....

But how, you say, can 100-percent traffic safety be achieved, if the proportion of workers in railroad transport, engaged in manual labor, on the whole, is over half, and in some subdivisions even higher: in traffic activity, for example—82.3 percent, in passenger and freight—75, and on the route—65 percent.

The railroad men particularly suffer. Over 250,000 persons are now engaged in heavy physical labor in track work. Over 70,000 of them are women. Just as 100 years ago, the main instruments of the railroad workers even today are—a crowbar and a shovel.... You brandish a crowbar for a shift, and you are no longer attentive. Meanwhile, the work section is a critical one.

What is the matter? What keeps the railroad workers from mechanizing their work and thereby increasing the guarantee of our safety en route?

The demands of the Ministry of Railways for track machines has been scarcely one-third satisfied for many years now. This is at the same time that the USSR Council of Ministers, as far back as 1986, adopted measures to provide railroad transport with track machines. Putting these measures into effect would make it possible to increase the supply of equipment five-six-fold in the next few years.

The enterprises of Mintyazhmash [Ministry of Heavy, Power, and Transport Machine Building] and the plants of other ministries should be switched to producing the necessary machines. Mintyazhmash alone was allotted 272 million rubles to develop enterprises for track machine building. What happened?

The improvements are negligible and the program of renovating the track system is threatened with breakdown. Last year alone, Mintyazhmash short-supplied the railroad workers 121 track machines and 13 gasoline locomotives, including ballast-compacting and ballast-reclaiming machines, without which high-quality track repair is simply impossible.



## Railroad Transport Provision with Track Machines in 1986-1988

Indicator	goal	1986-1987		goal	1988	
		fulfillment	short-supply		fulfillment	short-supply
Total track machines	854	809	46	561	440	121
—including:						
USSR Mintyazhmash	854	809	46	536	434	102
Rail-cleaning machines	4	1	3	40	3	37
Track power drivers	65	62	3	60	44	16
USSR Ministry of the Coal Industry	—	—	—	6	—	6
USSR Ministry of Ferrous Metallurgy	—	—	—	5	2	3
USSR Ministry of Construction, Road, and Municipal Machine Building	—	—	—	13	4	9

There was a strange reaction to the commission of the USSR Council of Ministers by a number of ministries, which actually avoided the production of snow-removal equipment. The Ministry of Construction, Road, and Municipal Machine Building, for example, last year manufactured only one machine to change the switch assemblies (replacing, by the way, several dozen workers) instead of the dozen specified by the state order....

Things are worse at most of the track machine building plants being renovated. Construction-installation work in this in 1988 was fulfilled by only 6.1 million rubles, with the plan for 21.5 million. For 1989 it is planned to invest only 7 million rubles in renovation, with an assignment of 30.6 million.

Among the objects "passed over" for attention is the main wing of the Engels Transport Machine Building Plant, where by the third quarter of this year the output of snow-removal equipment should begin. Construction of new wings at the Kaluga and Tikhoretsk Machine Building plants has gone on for over 12 years. The list, unfortunately, could be continued.

Just what is happening meanwhile on the railroads?

In the last three years, the number of kilometers of track with, as the railroad men say, poor quality maintenance, has increased by 70 percent and the number of warnings on reducing the speed of the trains, issued to the engineers on the dangerous sections, has increased. Almost 17 percent of the route tracks urgently require capital repair. The situation is getting worse, and the railroads are turning into kilometers of risk.

The situation can be corrected only after the transport workers have been fitted out with highly productive equipment—reliable and modern. This should today be an all-state problem, on the solution to which the precise work of the railroads and the entire national economy depends and often—our lives.

### Railcar Shortage Hurts Refinery Production

18290130 Moscow GUDOK in Russian

11, 12 Mar 89 p 2

[Article by GUDOK special correspondent N. Tsurikov, Moscow—Ufa—Kuybyshev, under the rubric "Problems and Opinion": "A Bitter Aftertaste"]

[11 Mar 89 p 2]

[Text] *The petroleum-refining enterprises are calling for help: give us railcars, we are stopping production! At the same time some 30,000-40,000 tank cars are standing immobilized.*

Mark Twain said one time, "Everyone complains about the weather, but no one does anything about it." The impression is being created that the problem of freight residue in railcars, and especially in tank cars, is of the same order. Everyone I had occasion to speak with began the conversation pretty much like this: "It is a problem as old as the world, and the situation is not only not getting better, it has even gotten worse." By the way, a typical feature: the driver of the vehicle I had to take to the Bashkir Division, where the residue in the cars has created perhaps the most acute situation in the system, spoke on this topic like a specialist, and I involuntarily asked him, "Did you work for the railroad?"

"No," he answered, "I've been at the wheel my whole life. I just hear conversations about it, I can't remember now how many times. Lots of different managers have been here, and I involuntarily hear their discussions. They were investigating not long ago from the all-union committee of people's control. I don't know if anything will change..."

### A Hundred Trains "Out of Generosity"

Yes, the situation has now become so bad that they have had to be occupied with it at the very highest levels. A prosperity of tank cars does not ensure the dispatch of the liquid freight. It is namely freight residue in the

railcars that has very greatly aggravated the situation. The quantity of it in tanks considered empty is ever increasing. Today it is roughly 300,000 tons a year, or one and a half times more, say, than in 1983, when ministerial order No 10Ts, "Steps to Improve the Organization and Ensure the Fulfillment of Plan Targets for Shipping Liquid Freight," still in effect and well known to specialists, was promulgated. The recipients, in other words, do not empty no more or less than 100 trains of 3,000 tons apiece a year!

That is not the whole problem, however. If, say, it is no great labor to free a tank car of liquid fuel oil or gasoline, it is very difficult for with the residue of chemical freight. When it is still known what sort of product it is, the question can be solved. But after all, a multitude of tank cars arrive without forwarding documents or corrected bills of lading and without stencils, and it is impossible to establish what sort of freight it is or who the recipient or the sender were. And there are more than a couple of such cars. There are 15,000 for petrochemical and food products alone, which cannot be used without their being neutralized and cleaned. Add here thousands of car tanks for asphalt or tar, also "frozen" with large amounts of residue or idle awaiting unloading at recipients who do not have equipment for heating and unloading such freight, and it becomes clear how much rolling stock is constantly not being utilized. They provided this information at the railcar main administration: "Today there are about 30,000-40,000 'excess' tank cars in the system that for various reasons—due to large amounts of residue, excessive idle time etc.—are as if removed from circulation." And removing the shortcomings would reinforce the fleet with additional working tank capacity.

But after all, they have made no few fine decisions, while the situation just gets worse. What is going on? And in general, why so much residue?

### **The Shield That Does not Shield**

I had occasion to discuss this with many specialists. And to summarize their opinions, everything is reduced to the following in general: there is no well-defined specialization of the rolling stock; the railroad workers are insufficiently demanding of the freight recipients, and they, enjoying an absence of monitoring, return dirty and uncleared tank cars to the lines; the transport workers themselves are undisciplined, using petroleum and gasoline tanks not intended for it for loading chemical products, sending empties according to altered forwarding bills of lading or without them, without indications of the type of freight, unloading stations or the shipper...

But is all this really news? Take that same order No 10Ts or last year's ministerial directive No 245 of February 3. Both prescribe in the strictest fashion "take steps," "instill order," "strengthen," "obligate," "categorically forbid..." The order also talks about the specialization of rolling stock and the incorporation of a road-network system for monitoring and analyzing the loading and

unloading of liquid products as early as 1985. Realize all of this and monitoring would be sharply improved and the demands on the violators of the prevailing requirements would be more concrete. But alas...

The issue of "putting to work and utilizing the unproductively idle unregistered tank cars for the discharge of chemical freights on the Kuybyshev Railroad" was also raised in that order. Are there any changes? They had to consider this issue once more in January of this year at the level of the leadership of the USSR Council of Ministers, because on the Bashkir Division alone about three thousand uncleared tanks had accumulated, there was nothing to fill up and they had to stop production at some petroleum refineries—that is what it has come to!

And it seems that the problem of freight residue in tank cars (and in rolling stock in general as well) remains alive largely because, in trying to "surmount" it, they are acting inconsistently, they are not deeply analyzing the reasons for the slippage. In reading the documents that have been adopted on this issue at various times, you simply get tired of the repetition of clauses distinguished just by the substitution of certain words for others, evidently seeming to the composers of the papers more severe and thus more effective. But even with every desire to follow strictly the prescriptions, you will hardly achieve much if the right hand does not know what the left is doing. And no few examples of such actions could be cited.

Requiring of freight recipients, for example, the complete emptying of tank cars, the railroad workers have established norms for railcar idle time into which everything does not fit. It is natural that in order to avoid fines, they dispatch the cars without empty tanks. It is amazing that sometimes up to half and more of the product is not unloaded! But look at what happens. The railroad workers can and are even obligated to return non-emptied tank cars to the enterprise. They are just punishing themselves, after all: tank car idle time grows, and that means the station indicators get worse. And this mechanism, causing an imbalance of interests, is still in operation today. The lesser of two evils is selected, as is well known, and this is one answer as to why the railroad workers are "easy" on the clients in mass fashion.

Inveighing for clean tank cars, they ship asphalt and tar in conventional ones, even without steam jackets. Yes, there are not enough special hopper cars for this freight. But once need forces them, they must monitor more precisely where the tank cars are dispatched—after all, not all the recipients, as has already been noted, have the equipment for heating and unloading such products. The railroad workers themselves, on the other hand, have insufficient capacity for cleaning tank cars. The technology of washing and steam-cleaning stations [PPS] moreover does not envisage this cleaning. And the capabilities of the primitive workstations built using in-house

resources, which still do not exist everywhere, are too little. About 80 tank cars are prepared per day, say, in the Bashkir Division, but way more arrive with asphalt and tar residue.

Or this: they complain about the poor monitoring of the completeness of tank emptying at the same time as they have cut back on many freight receivers. ("The stations have been stripped bare," the clients are even complaining!) And the railroad workers justify themselves by saying that they are not obligated under the charter with implementing 100-percent monitoring, they just have the right to inspect. The chief of the MPS [Ministry of Railways] Main Administration for Container Shipping and Commercial Operations, V. Logunov, stated it thus: "The receivers do have reason to complain. Even if we double the staffing, we could not monitor all of the loading on today's scale. The freight recipients are obliged to fulfill the Charter—that is the main thing."

And there is monitoring and there is monitoring, anyway: after all, you could keep a single receiver on the system overall and also consider there to be monitoring. But such a shrunken detachment of inspectors has not been a very reliable shield to dirty and uncleaned rolling stock—that is a fact. Whereas before 1985 the increase in freight residue had totaled roughly 4,000-6,000 tons a year, starting in 1985 it had reached thirty or forty thousand tons.

In the Bashkir Division, since the end of last year they have begun to assemble additional staff workers at the expense of local income whose direct task is to inspect the incoming empty cars and impose fines on the senders, and minimum targets for income have even been set for them—600 rubles a month apiece. That is, here they have decided to approach the problem from the other end: since the freight recipients on the railroads whence the empties are coming are poorly monitored, they take them into circulation themselves. And, I feel, are displaying an example of thrifty economy in this matter.

#### On the Shoals of Interests

The washing and steam-cleaning of tank cars is a losing enterprise for the railroad workers, and if the residue increases, the expenses are greater. To weaken monitoring thus means, it could be said, to get yourself into a worse fix. But after all, the expenses from cleaning tank cars are still not all. The idle rolling stock with residue is also a heavy financial burden and additional depreciation expenses. Last year these expenses totaled 30 million rubles on the Bashkir Division alone. And what expenses there must be across the system and across the country overall due to the freezing of assets and the untimely delivery of product!

A series of fundamental decisions on this issue was recently made. It was planned to transfer a portion of the tank cars from the MPS fleet to the ownership of the enterprises so that starting April 1 of this year, all

chemical and food products would be shipped only in rolling stock belonging to its own shippers. Targets were given to industry for cleaning idle tank capacity with chemical and food freight residue. Concrete tasks were set here for tank-car specialization, improvements in monitoring the state and utilization of them and the employment of ASU [automated control systems], which should issue the essential information as early as the second half of this year.

These steps are undoubtedly well-founded and make it possible to hope that the situation will finally change for the better. But the economic mechanism is still making itself felt weakly, and it is not even set up as it should be. Why, for example, is it more advantageous for the freight recipient to return up to half a tank car or more of product than to pay fines for overdue cars? On the other hand, what sort of norms are they that make it possible to bestow these burdensome "gifts" on the railroad workers?

And is it really just a matter of individual "economic shoals?"

And how many problems there are at the washing and steam-cleaning stations themselves where the rolling stock is freed of the leftover product. The ecological situation there is difficult as well.

But we will continue that discussion in the next installment.

[12 Mar 89 p 2]

[Text] Large amounts of residue in the railcars is more work for the steam cleaners, longer cleaning for the tanks, longer idle time and longer lines for processing. At the same time, the insufficient capacity and capabilities of the steam-cleaning stations themselves restrains the preparation of the rolling stock. Built decades ago, the stations essentially remained at the level of past years, when both the types of products shipped were less and the tank cars needed washing more rarely. They are poorly equipped.

The Yasnogorsk Machine Building Plant, the only one in the country supplying the pump equipment, by the way, only meets 60-70 percent of the railroad workers' needs. Innovators have made no few efforts to raise the level of mechanization and automation in the tank-car washing process, but they are not able to solve all the problems.

The steam cleaners have moreover annoyed environmental-protection bodies and the population lately, and some that residential buildings have moved close to are in danger of being closed altogether. There is so much lack of clarity on this issue, however, that there is a need to talk about it in more detail.

### Who Gives Off More Fumes

Those attacking the steam cleaners feel that they are exceedingly harmful. "A minimum of 10 kilograms of product is blown out of each tank car in processing. And we have two such stations here in Ufa alone—Benzin and Chernikovka-Vostochnaya. They prepare hundreds of cars in a day, and that means that tons of substances, including harmful ones, are exuded. And that is cause to sound the alarm," says the chief of the air-protection department of the Bashkir Goskompriroda [State Committee for the Protection of Nature], A. Vinkelman, with conviction.

I heard the same at local health stations and at the Committee for People's Control of the BASSR [Bashkir ASSR]. But the railroad workers themselves do not agree with this. "There is very little harm: it is principally steam that goes into the air, and not pure product as at the petroleum refineries," they said at the local division. "And we do not discharge our waste water into the municipal system, we purify it for recycled use, and then, when it is highly polluted, we dump it at the cleaning facilities of the petroleum refineries. So just how can the steam cleaners be harming the environment here? In the area of the Benzin and Chernikovka-Vostochnaya stations, where they want to close our two PPSs, there is a whole crowd of petrochemical enterprises that are basically poisoning the atmosphere. You can't move the plants away—at least it's not so simple to do that—so they get back at the PPSs."

I could not ascertain just who is right out there in Bashkiria. None of the disputants cited any clear or concrete data in confirmation of his arguments. That same A. Vinkelman complained about the difficulty of taking measurements. And after all, one must stop all the local enterprises to determine the harmfulness of the steam cleaning...

Only at the VNII [All-Union Scientific Research Institute] of Railroad Hygiene were they able to talk in concrete fashion about this issue.

"When I hear about attacks on the steam cleaners," said department chief Candidate of Medical Sciences I. Boyarchuk, "I want to lecture those people. They are dilettantes. No one disputes that they exude harmful substances, but the share of them is considerably below the allowable concentrations. Why push them? There is a psychological factor at work here. These stations are located close to petroleum refineries. They emit way more, their emissions have ten or more times higher content of harmful substances. But the refinery exhaust is colorless, and the steamers 'steam,' especially in the winter—it is visible far and wide."

"That is how people get the impression that all misfortunes are from these stations. We have taken a number of measurements. And even in the passages between the

tank cars at the work stations, not to mention more remote points, we did not detect anything over the maximum allowable concentrations.

"In order to be more convincing," continued Ivan Fedorovich, "I'll say something else. According to the prevailing norms, the petroleum refineries can be built no closer than a kilometer from housing, while a PPS can be fifty meters away. We raised the issue of extending the refinery norms to the steam-cleaning stations, but have been unable to positively resolve it yet—the harmfulness is too small. By the way, we have analyzed the illness rates of the workers of steam-cleaning stations: they suffer principally from micro-climatic factors—drafts, overcooling or overheating—but not from toxic substances. There do occur, true, skin diseases from the dirt, there is still unfortunately plenty of that there."

I do not cite all of these statements in detail to defend the cleaning stations at all. Whatever you say, housing in close proximity to such enterprises is unpleasant, and where it can be done, it is of course desirable to remove the stations beyond the bounds of cities and towns. After all, for all that, "even though they are not as harmful as is felt, they're not flowers either," acknowledged I. Boyarchuk himself.

### "Stepchildren" and "Uncles"

In the opinion of specialists, there is every opportunity today of reducing the harm from the steam-cleaning stations to a minimum. The scholars of VNIIZhT [All-Union Scientific Research Institute of Railroad Transportation], for example, have developed a steam-free technology that makes possible more than a one-and-a-half-fold reduction in undesirable emissions into the atmosphere when preparing "dark" tank cars and a 3-4-fold one with "light" cars. Power expenditures and water consumption are reduced, and conditions are created for conversion to a completely closed cycle. The time for processing the tank cars also decreases with this technology.

The advantages are obvious, but the railcar administration is not rushing to incorporate it, feeling it to be still too "raw."

"Why is it 'raw'?" objected an executive of the railroad-equipment cleaning group of VNIIZhT, Candidate of Technical Sciences I. Karavayev. "The new technology has been verified in practice, and it is easily 'inserted' into the existing process. It is another matter that it requires more powerful equipment and that additional funds are needed as well. And these issues are being resolved too slowly."

I. Boyarchuk also complained, "I've gone to see the head of the railcar administration, I. Khabe, dozens of times and proposed that we do a comprehensive study of



cleaning issues in conjunction with VNIIZhT. Like it or not, life is forcing us to work in ecologically cleaner fashion. But this year we do not have a single topic in railcar facilities."

The steam-cleaning stations are among those facilities that, in the expression of one of my interlocutors, give no bother, and that's fine. And they treat them as stepchildren. "And is this our business?" was how my conversation started at the MPS Freight-Car Operations and Repair Department. "At one time," said the deputy chief of this department, N. Ryabov, and the lead specialist A. Grigoryev, "the freight services washed and cleaned the rolling stock, and the railcar people just repaired them. Then we got it all. Only here do we have such a distribution of duties—in other countries, those that use the tank cars have to wash them."

And the question recently sounded directly from the pages of GUDOK: "Are we having trouble taking on our own burden?" It would be simpler, they say, for the refineries to wash and steam the tank cars, "where they have incidental steam, where they could utilize and regenerate the product remaining in the tank cars."

But after all, a whole industry has now taken shape in this business, the railroad workers have the personnel and the experience. Is it that simple to convert and break it off? And is it necessary? Wouldn't it be better to think about how this business can be made profitable and how to extract it from poverty and stagnation? Today it is unprofitable for the sector, there is just trouble and expense from it. So why, if the railroad workers are working "for uncle," preparing rolling stock for clients, do they bear all the weight of this burden? Why not on an equal footing with the clients, the more so as there is economic accountability [*khozrashchet*] and self-financing now, and nobody wants to pay for anything out of his own pocket? The steam-cleaning stations, as has already been said, are in such a state that they must be re-equipped, the technology has to be changed, they have to be made more productive and ecologically clean. And matters would go much quicker with a convergence of the efforts of the railroad and others sectors, which is in the interests of the clients themselves, who lose way more due to a shortage of tank cars and their poor preparation.

Today, when we have already passed along, as they say, the whole chain of problems with freight residue, it is clearly apparent that the basic cause of the misfortunes both there, before cleaning, that is, at the stage of tank car operation, and here, at the cleaning stations, is economic deficiencies, a lack of effective incentives. So many "organizational measures" have been taken, but matters are not being corrected. Thousands of tank cars with dead freight are sitting on the railroads right now: chemicals, foods, asphalt, tar... And can it really be only the force of government directives that can "revive" them somehow? So then, it will be that way in the future? But why does initiative slumber, why do they suffer the

heavy burden of the frozen rolling stock in the local areas? The recent ministerial order "Shortcomings in the Work to Fulfill the Plan for Shipping on the Kuybyshev Railroad" records that "The target for the preparation of tank cars at the washing and steam-cleaning stations is 70 percent fulfilled, and for cleaning of residual chemical freight, 25 percent. Contracts for cleaning tank cars have not been concluded with the Kuybyshevazot [Kuybyshev Nitrogen] and Kuybyshevnefteorgsintez [Kuybyshev Petroleum Organic Synthesis] associations." And millions are being spent just for depreciation on the tanks not being used!

I ask the chief of the Bashkir Division, N. Protasov, and his deputy, B. Dyudyayev, "Is there even just one steaming station that has been converted to leasing, just one like that has appeared to force people to ask, to demand, 'Give us dirty cars!' instead of looking calmly at the lines of them, justifying it with 'objective difficulties?'" No, they did not provide a single example. The same as at the railcar administration, by the way, where I asked the same question.

At the Committee of People's Control of Bashkiria they told me about the enterprisingness of the workers of the local municipal services, who make a road surface from tar with the addition of 30 percent asphalt and other ingredients that enjoys great demand. Why not, it would seem, lend this experience to the railroad workers and create a cooperative ("sitting" on the residue!)?

"We can't," they declare. "We are obliged to surrender the petroleum residue to Goskomnefteprodukt [State Committee for the Supply of Petroleum Products]—they have a monopoly on the sale of it."

But the assertions go no further! Today those who want to achieve have posed the question of reviewing the state monopoly on foreign trade, and enterprises are getting direct access abroad. Can it really be that something can't be resolved here if these same railcar workers lay down their strong trump cards?

And that's how it is wherever you turn with this problem: here the economics have run up against organizational hurdles, a whole series of examples was cited in the previous installment when, on the contrary, the order-filled organizational procedure is pulled down by unbalanced economic interests.

It seems there is no sense in adding to what has been said. Because the main conclusion is already clear: without properly regulating the economic mechanism for the mutual relations of allied industries (the issue should perhaps even be a dedicated comprehensive "Residue" program), we will inevitably be paying a multi-million-ruble tribute for mismanagement and inertia. It really is like Mark Twain said: everyone complains about the weather, but no one does anything about it.

### Railroad Operational Problems Highlighted

18290120b Moscow GUDOK in Russian 4 Mar 89 p 1

[Article by V. Sluzhakov under the rubric "Topical Survey": "'Live' Money—Can the Transport Workers Get It?"]

[Text] Economic reform is more and more persistently demanding the truly complete satisfaction of the needs of production and the population for shipping. But how much of a vacuum is unsatisfied demand? What are the dimensions of the negative trends that must be overcome?

Everything becomes known in comparison, first and foremost with the developed countries. This forces us to look at many things from a different point of view.

Over the last 15 years the scale of passenger transport here has increased by one and a half times. A shortage of supply has been preserved at the same time. During rush hours it reaches eight percent, even more according to other estimates. The so-called mobility indicator is also striking. Every resident in our mighty transport power with its vast spaces travels an average of just four thousand kilometers. This is two and a half times less than in the United States and Sweden. We are behind almost all of the European countries, not comparable to us in territory, in this as well.

In the opinion of specialists, our population could permit itself an increase of one and a half times in travel expenses. The concept of a developed transport system in 15 years is oriented toward this. We know from our own experience, by the way, that we refuse to travel only out of the thought of the ticket lines, in which we must stand an average of an hour and a half.

It is a paradoxical situation: the people are ready to hand over money and thereby partly relieve the financial situation in the country, but transport cannot take it. The gross miscalculations of planning bodies have engendered an acute shortage of railcars. The railroad workers are wracking their brains this year on where to find four thousand units of rolling stock so as to handle the increase in shipments during peak periods.

Even the energetic measures to include the capacity of the defense industry promise a palpable increase in deliveries no sooner than the beginning of the next decade.

Matters are even more acute with electric trains. Industrial centers are receiving just 700 of the 2,700 railcars of the yearly plan, and the rest will have to be delivered to the major centers with the most intensive traffic—Moscow and Leningrad. And this situation is also out of an attitude toward transport as something secondary, even though the issue is millions and millions of workers

who get to work on the electric trains every day. And their mood and their labor productivity depend on what conditions they travel under.

Even though all types of transport have formally handled the assigned shipments, in the acknowledgment of USSR Gosplan Deputy Chairman A. Bevzenko the acuity of the problems is not receding. Chief among them is the irregular rhythm and instability of maintenance. It, along with other factors, forces the enterprises to increase their insurance reserves. According to poll data from 90 enterprises in nine sectors, reserves per ruble of product output increased from 54 to 80 kopecks from 1970 to 1980. Interruptions in the delivery of coal and petroleum products have become chronic.

No appreciable shifts have occurred over that time in reducing the time periods for product deliveries.

As paradoxical as it may be, the enterprises of industry are essentially not troubled by transport expenses. They are all covered in the price. Some 2.4 times more per unit of national income goes for freight turnover in the USSR than in the United States. References to the dimensions of the territory and the remoteness of raw materials are small comfort.

The transport factor was traditionally not taken into account much in prior schemes for the disposition of production. The notorious inefficient shipments, reaching 250 billion ton-kilometers, have flourished wildly against this background. But the specialists assure us that that is "not so much." There are way more losses from the neglected state of resource-intensive technologies.

They are still shipping coal that is 40 percent diluted with rock. About 400 million tons of metallurgical raw materials arrive at the blast furnaces from warehouses, that is, is rehandled four times, each year. And about a third of it goes to waste in just one loading and unloading operation.

The country loses a million tons of concentrate and pellets just in Minchermet [Ministry of Ferrous Metallurgy] alone due to such management. It could supply two major metallurgical combines a year with some left over!

Narrow departmental interests are hampering the realization of the "Ritm" program—the direct version of raw-material delivery, reducing losses to a minimum. A considerable share of the raw-material resources today, according to the calculations of MPS [Ministry of Railways], could have gone right into production.

The transport workers are deserving of many just reproaches for the rhythm of operations, the quality of services and traffic safety. The annual loss to national income from the lack of transport sufficiency, according to the estimates of scientists, totals some 30 billion

rubles. Half of that is the fault of the railroads. And if steps are not taken to forestall it and investment policy is not altered, the losses will increase by two and a half times by the year 2005.

Even though the transport conveyor has been reinforced in recent years, it has not acquired the essential reserve of stability. The development of the network has proceeded with the disproportionate development of the principal sectors, in the opinion of A. Bevzenko. The share of capital investment has been lowered in unwarranted fashion. A considerable portion of the rails have served out their useful life and are in need of replacement, as are a third of the steam locomotives and passenger cars. The optimal loading of the railroads should not exceed 70 percent in order to eliminate irregularities in the flow. In reality some 35 percent of the system has long operated with large overloads.

We must bow in the direction of the rank-and-file workers, who try to ensure the passage of the streams of railcars under such conditions and with such equipment. And we need hardly be deluded by the fact that labor productivity in the sector is little different from the U.S. level if the comparison is clearly not in our favor for all items of technical equipping, labor intensiveness and wages.

These and other sore spots cannot fail to be known so that, proceeding from the interests of the national economy, we can conduct the further modernization of the line.

"We have no alternative to rail transport," emphasized USSR Council of Ministers Chairman N.I. Ryzhkov recently at a meeting with MPS and railroad executives, "and the fate of our whole economy depends on its work."

#### **Moscow Metro Problems Detailed**

*18290120a Moscow GUDOK in Russian 4 Mar 89 p 2*

[Article by V. Gitkovich: "The Metro Waits for Help—Notes from the Combined Session of the Collegiums of Mintransstroy and MPS"]

[Text] At one time I heard and was amused at the naivete of the child's question, "And where does the earth go when there is a hole in it?"

It may seem strange, but the grown men of Mosmetrostroy [Moscow Metro Construction Trust] are constantly troubled by that question. In a wee bit different edition, it is true: "Where do we take the dirt from the 'hole' when we dig under the city?" It is far from being an idle question. They should get an answer to it at Glavmosarkhitektura [Main Architectural Administration of the Moscow City Ispolkom]. But they are in no hurry and thus are holding up the tunneling work.

Those who dozens of years ago laid down the water lines, sewage and heating mains or power and signal cables were of course not thinking about where the metro would be going. And today all of those municipal service lines have to be laid again. Technical specifications are needed for hooking them up, but city organizations (and especially Gorgidromekhanizatsiya [City Hydro Projects Mechanization Administration]) are also in no hurry to do this.

Surface settling is possible where the tunnel passes under areas of dense construction. And naturally, Geotrest [Geology Trust] of the Moscow City Ispolkom should do advance surveying in the regions of the proposed "earthquake" (subsidence) for cultural monuments, old buildings and just plain decrepit structures. But it constantly refuses, referring to being busy itself. And without survey the tunneling cannot be started...

The Moscow metro carries out 40 percent of citywide passenger transport. There are tens thousands of people, and in the summer hundreds of thousands, from other cities, oblasts and republics among its almost eight million daily passengers. Everything that is done for it is thus to a greater or lesser extent done for the citizens of the whole country. It is with that high degree of exactingness that the development of the capital metro must be approached.

We have always been proud of the Moscow metro, and today we note with bitterness every interruption in traffic due to technical failures, we see how it is becoming more and more crowded on platforms and in the cars, how it is choked at rush hours and during escalator repairs. And that is understandable: the city has outstripped the metro in its growth, and the system is growing older besides.

An energetic spurt—the introduction of 45.2 kilometers of new lines in the current five-year plan—is needed so that this undoubtedly convenient form of mass urban transit continues to satisfy the needs of a growing population in the future as well. Only about 41 percent of the funds allotted for the five-year plan have been assimilated over the first three years. Whence it is clear what a burden falls to the two remaining ones. It is enough to say that over the first three years, 9.1 kilometers were put into operation, and in this year alone 18.8 km and ten stations will have to be started up. And that is aside from siding tunnels, seventeen vestibules, over twenty escalators and 56 kilometers of track...

We will not be talking about the successes. They exist, but there are still more unresolved issues and defects. That is why the discussion at the joint session of the collegiums of Mintransstroy [Ministry of Transport Construction] and MPS [Ministry of Railways] was basically about how to help Mosmetrostroy, who and what the ministries and departments affiliated with this construction should do. The current state of things was stated without embellishment.

Over the last year Mosmetrostroy has let slip and not caught up with the lag in preparing a work front for the track layers and finish workers. The quality of the work leaves much to be desired as before. There have been many shortcomings in all tunnels turned over in recent years. The metro construction workers, renowned for their ability to do waterproofing work and performing it successfully on other construction projects, cannot get rid of the leaks now. There are more than 23,000 of them in the tunnels today! The experience of the construction workers of the first lines, which to this day serve us no worse than the newer ones, has unfortunately been forgotten. One of the reasons for the poor quality is the high personnel turnover, whence their poor skill levels and lack of experience. Four thousand people were dismissed last year and four and a half thousand hired. What can we ask of them? And Mosmetrostroy is short some six thousand workers overall. The people sent here from the other seven metro construction trusts are being utilized poorly at the same time. The Gorkiy and Tashkent people, for example, have nowhere to work.

I mentioned at the beginning of the feature that the metro workers are being hampered. But that is far from all. Roughly thirty organizations of the city coordinate the documentation for Mosmetrostroy, and two years have been spent on these "operations." The process must be sped up considerably.

Serious reprimands were addressed to the corresponding main administrations of Mintransstroy that have not resolved issues in the allocation of construction equipment or pre-fabricated reinforced concrete. And MPS organizations, in conjunction with the Moscow City Ispolkom, are late with the allocation of construction sites, while the delivery of the essential equipment is being delayed.

This relates to many other ministries and departments as well. Speaking one after the other at the session were representatives of Mintyazhmash [Ministry of Heavy, Power, and Transport Machine Building], Minkhim-mash [Ministry of Chemical and Petroleum Machine Building], Minstroydormash [Ministry of Construction, Road and Municipal Machine Building], Minstankoprom [Ministry of the Machine Tool and Tool Building Industry], Minmontazhspeystroy [Ministry of Installation and Special Construction Work] of Mosstroykomitet [Moscow Committee for Construction Affairs], the Moscow City Ispolkom, Gossnab, Minmontazhspeystroy... And almost all of them promised to "take steps," "complete," "conclude," "finish off," and "supply." A seditious idea was even born—"why have meetings if everyone is agreed and there is a coordinating council"—but it suddenly became clear that this was already the third such general meeting. And things went swimmingly at the other two meetings with promises as well, but considerably less so, to put it mildly, with their fulfillment.

This is partly explained by the fact that new people are present from many organizations at each such "forum." It was sensibly noted that each does not represent himself personally, but rather an entirely specific ministry or department and should not only be fully up to speed on matters, but also answer for every word of his own and his predecessor as well. It is to be hoped that that is how it will be now; after all, there's no where left to fall back to! The turnover deadlines are very tight. Say according to the norms for the Lyublinskaya line, with a regard for preparatory work, some 84 months have been assumed, and 60 have gone by. That means that two years must be won back somehow, and we are still wasting a lot.

Difficulties in supplies and in connection with the conversion to direct ties have also been added. The executives of some plants, relying on the solutions of the STK, do not want to conclude contracts—they are unprofitable—or declare that they will deliver just as much as last year, while four times as much is needed.

It seems that some explanatory work is needed in the collectives themselves in these instances. People should understand that they are doing all of this in essence for themselves, since everyone uses the metro.

There are objective difficulties as well. The plant producing elevators in Spitak has unfortunately ceased to exist. The order was transferred to Sverdlovsk, and there they are promising to fill it only in the second half of the year, when the line will have had to be turned over already. It is difficult, of course, but a way must be found here.

The presentation of Mosstroykomitet Deputy Chairman V. Resin, persistently seeking the reasons for which his organization could not undertake the modernization of the Moscow metro plant that repair railcars, evoked sharp and just criticism. This modernization is extremely necessary.

There are escalators in Moscow that carry about 200,000 people a day. Some made half a century ago are still in operation. There are more and more escalators in the metro each year, and organizing their repair is more and more difficult. Mintyazhmash does not supply the parts needed for this. Each such operation takes a month and a half. The passengers as well as the operators know what difficulties this leads to.

In conclusion I would like to direct attention toward another thought that was expressed at the session, although it does not relate directly to the fulfillment of the plan for this year or even the five-year plan. The metro planning standards have become outdated, they must be made such that the lines do not grow old, that they do not become "jams" in 10-15 years, that our descendants do not curse us.



"The metro is not a Mintransstroy construction project, not an MPS enterprise, it is our metro. And he who helps us build it helps Muscovites and the guests of the capital obtain good and convenient transport," said CPSU MGK [Moscow City Committee] Secretary V. Kuznetsov at the session.

And I very much want that this thought is felt through and through by all on whom the success of the underground project depends to any extent at all.

## MARITIME AND RIVER FLEETS

### Minister Interviewed on Maritime Fleet Safety Record

18290123 Moscow IZVESTIYA in Russian  
7 Mar 89 p 2

[Interview with Yu.M. Volmer, USSR minister of the Maritime Fleet, by S. Taranov: "Before and After the Run"; first paragraph is IZVESTIYA introduction]

[Text] As a start—data characterizing the safety level of sea navigation. In 1988, 48 Soviet ships had accidents, as against 82 the year before. The number of sea accidents dropped by 41 percent, and the losses from them were reduced by a factor of 2.3. There was not a single accident with ships of the Georgian, Latvian or Lithuanian shipping companies. Does this mean, however, that we are safeguarded against grave catastrophes, caused not only by elemental forces, but also by human negligence, slackness and worn equipment? Yu.M. Volmer, USSR minister of the Maritime Fleet, speaks about this.

[Taranov] Yuriy Mikhaylovich, it seemed that at first, after the wreck of the Admiral Nakhimov, a cause for optimism had appeared, a possibility of being convinced that the measures taken two years before for a major improvement in maritime sailing safety were not merely empty phrases!

[Volmer] The problems of the fleet's accident rate cannot be approached with a calculator in your hands. No one is insured against certain types of accidents at sea. But while serious accidents happen and people perish, even the most "optimistic" figure is not satisfactory. A seaman or a passenger on a ship going on a voyage should return alive and healthy. Without fail! This is our principal attitude, confirmed by decades of good maritime practice. Its essence is that, to avoid any accident through the fault of the ship navigator, the possibility of a failure or an error must be noted in time. We have not yet mastered this art. Some 60 percent of the 48 accidents last year, unfortunately, lie on the conscience of the ships' crews.

The improvement in some indicators speaks not so much of the achievement of the desired result as the correctness of operation on the routes selected. They,

incidentally, were determined in consideration of the requirements of the fleet community and the wave of critical publications in the press which followed the Nakhimov tragedy.

[Taranov] At that time, IZVESTIYA noted that safety in seafaring depends primarily on the captain—the chief figure of the fleet. How has the system of training and selecting navigators changed?

[Volmer] In two years, 490 new captains have come on the ships. Not one of them has any major claims. Not one of them has permitted a serious accident.

Recently, all captains, without exception, went through refresher training on shore. Each shipping company is equipped with radar training centers; simulators based on registered ships are created to work out the struggle for the ship's ability to keep afloat under any circumstances—from fire to grounding. After special certification, 200 persons had their positions lowered, and 17 were relieved of duty. The collegium of the ministry made the decision that persons who had compromised the high calling of captain should not go to sea in this position.

[Taranov] You often hear that the procedure for appointing captains is undemocratic, and that sometimes they are chosen at a meeting of the work collective....

[Volmer] The position of captain, by virtue of its specific nature, remains as before, from an official list of the ministry collegium. Another thing is that an obligatory attribute for appointment should be the decision of a general ship meeting, consideration of the opinion of the work collective and public discussion of the candidatures for promotion.

[Taranov] Just recently there was a shortage of modern navigation devices. What is the situation now?

[Volmer] Even today they have to be purchased in other countries. All the ships, however, are equipped with means of electronavigation which correspond in composition and characteristics to the requirements of the International Convention for Safety of Human Life at Sea.

In the near future there will be personal computers and electronic universal time systems on the captain's bridge. The Glonass satellite navigation system will be put into operation. Last summer an agreement was signed between the governments of the USSR and the United States on joint use of the Soviet Chayka surface radar communications and the American Loran-S. In the future the main element on the bridge will be an integrated navigation system with a display of electronic charts.

By the way, the motorship Petr Vasyev, which rammed the steamer Admiral Nakhimov, had the very best navigation devices. They were in good working order, which cannot be said about the people who were standing on the bridge.

[Taranov] The captains' obligation to compile dozens of different types of reports and records on the voyage was the talk of the town.... Have there been alterations here too?

[Volmer] Recently an inquiry was made of long-distance sailing captains: what other reports, in their opinion, should be abolished? There were practically no suggestions.

Today a captain, without any agreement, has the right to acquire in foreign ports the navigation devices necessary to operate the ship's equipment. Is the expenditure of a "representative's" money not subject to accounting.... If you take the number of instructions, directives and inquiries issuing from the office of the ministry to the work positions, they constitute a half-document a day. Truly, this does not mean that at the Ministry of the Maritime Fleet lovers of petty surveillance have been converted.

[Taranov] Let us return to one of the most painful of the fleet's problems, directly affecting the general state of a person going on a run. Does the housing line for seamen still last for decades, as before?

[Volmer] Housing is tight. They wait 16-20 years for it. We are now building 300,000 square meters a year, so that by the end of the century every seaman's family will be provided with an apartment, and 550-600,000 must be put into operation. There is one way out—to develop our own construction industry. This year, for example, we are buying overseas three brick yards with a capacity of 90 million pieces a year, and are acquiring, for the Black Sea, Novorossiysk and Far East shipping companies, lines to produce slabs and plumbing hardware. In this sense, Morflot has quite good prospects: we will work better—there will be more currency to purchase everything necessary for construction, even attracting foreign construction workers.

[Taranov] But if only the captains could be given normal housing—not some day, but today!

[Volmer] The Collegium of the Ministry of the Maritime Fleet and the Central Committee of the sectorial trade union adopted a resolution—captains are to be granted apartments out of turn. Moreover, a person cannot rise to the captain's bridge until he receives housing and is provided a strong "home front" on dry land.

[Taranov] IZVESTIYA receives many letters in the mail from seamen who need permission to take their wives on a voyage. This is accepted in the fleets of many countries. But with us?

[Volmer] I, as the minister, am all for "family" voyages. The appropriate document has been prepared, but has not yet been approved by the directive authorities. The directors of the shipping companies will decide this question in each individual case. Already, however, there are instances when the wives have been permitted to go to sea with their husbands.

[Taranov] There are a number of questions which seamen have asked in our section, "Letters not for Print." It is a question of the rules of customs inspection debasing human dignity, of instructions prohibiting Soviet seamen from going out on the streets of foreign cities alone....

[Volmer] The last rule has been abolished. Certainly, they can go out in a city alone. True, few seem to wish to take advantage of this, and are still more content to go out in twos or threes.

Customs inspection. At the joint collegium with the Main Customs Administration an agreement was reached: treat seamen with trust. Personal belongings are checked mainly by technical devices—as is done at airports. Everything that is legally permitted to be imported into the USSR must be passed through without hindrance, within the limits of the currency earned.

Finally, one more delicate point. In recent years law authorities in port cities have been inclined to accuse of speculation almost every seaman turning over things to a "commission shop." This practice has now decreased. It is not the fault of the seaman that the goods bought overseas for honestly earned money are more expensive in our country.

[Taranov] They say that a different type of manipulation with foreign items will not be eliminated until the sailing crew's wages are raised.

[Volmer] In three years, the monthly wage of seamen in the transport fleet rose by 24.7 percent and was 302.9 rubles, and along with the free catering—346 rubles. Wages paid while a ship is in for repairs have become more equitable. Beginning in October of last year, by decision of the USSR Council of Ministers and the All-Union Central Trade Union Council, benefits were established for days of liberty from work, including vacation and sick leave. Henceforth wages will be paid for additional work on the ship that does not fall within the range of direct obligations of the position.

Still, quite annoying problems remain. Despite the repeated requests of the Ministry of the Maritime Fleet to the government, so far no additional pay has been established for night work, no awards for years of service, compensation for command staff or for standing watch. As before, only six kopecks a day (in foreign

currency) are given to a seaman for mass cultural measures in foreign ports. We have not yet managed to extend the minimum leave to 26 working days, as is specified by the international convention....

Now separately—about wages for the captains. Recently one of them said to a television correspondent: he was like a "half-person"—his wages were too low. Yet, here is the report from the accountants. The average wage for a long-distance captain on dry-cargo ships is in the order of 500 rubles—plus the foreign currency portion.

[Taranov] Tell me, where do the hundreds of millions of dollars, francs and pounds handed over by the sector go?

[Volmer] A great deal goes into the budget and what is left in the accounts of the USSR Ministry of the Maritime Fleet is used to purchase ships, equipment and materials.

Only 30 percent of the ships correspond in their technical-operational qualities to the world level, and the rest are living out their last years. I do not have to speak of proper navigational safety here.... Meanwhile, the Ministry of the Shipbuilding Industry satisfies our orders by only 40 percent. Against our will we have to purchase ships abroad, where the prices for them have risen by a factor of 3-6 in the last few years. If we grudge money today—tomorrow we will be completely back where we started. It has been estimated: in order to update the country's fleet efficiently, we need almost 500 million foreign currency rubles a year.

[Taranov] I remember that right after the Admiral Nakhimov catastrophe, many captains said that they were ashamed to go out on the street in uniform—ashamed! Now someone is trying to hold it against the press: they say, after criticism, journalists "should" write only good. Otherwise the prestige of the profession will not be revived. What is your opinion?

[Volmer] If an accident should occur tomorrow through our fault, not even the "rosiest" articles would help. The prestige of the profession depends on us ourselves....

**Kherson Terminal Construction Problems Noted**  
18290144a Moscow VODNYI TRANSPORT in  
Russian 21 Mar 89 p 1

[Article by M. Volobuyev: "At a Snail's Pace"]

[Text] The planners intended the new passenger complex to be better than the one on the Dnepr. When the original engineering structure, which includes a five-story hotel, is viewed from the river, its silhouette greatly resembles a ship, just ready to sail on a long run. The southern port city has finally obtained a maritime and river terminal meeting the most modern requirements.

It is premature to rejoice, however, for this event is not taking place quickly. The point is, that while at first it was planned to turn over the facilities for operation in 1990, now the Khersonpromstroy Trust, namely its collective, is building the passenger complex, and increasingly often a different date is named—1991. This deadline too, to all appearances, will not be a conclusive one. I went to the huge boarded-in construction site three times, and each time I was struck by the small number of workers there.

"At today's snail's-pace rates," says Anatoliy Grigoryevich Gitalchuk, the upset brigade leader of SMU-16, "we will hardly manage it in five years. We are lagging behind the schedule badly, but I cannot fit all the members of the brigade on the facilities—right now I do not have the necessary work front for them. Today I found a job for only nine of them. I was obliged to send off the rest of the lads, against their wishes, to other facilities, so that they might at least earn something. What good is this? We will adjust the deadlines and will again end up with shock work."

The fears and griefs of the experienced construction worker are not unfounded: the Khersonpromstroy Trust is building the river and maritime terminal in a wretched fashion. The point is not only with the lagging behind the work schedule, but also the attitude toward the complex itself. One gets the impression that only the Glavrechflot Production Association is necessary, and it has no particular interest in the city and the trust. Otherwise, how do you explain the fact that the pile field and foundation have not yet been completed, even though the deadline for turning them over was designated as the third quarter of last year? This stopped other work as well.

A serious hindrance, literally chopping initiative at the roots, as well as all the efforts of Gitalchuk's brigade—is the lack of a tower crane. After all, the directors of the trust's mechanization service promised to install it as far back as last October. There are not enough columns to install. Quite the talk of the town already is the slip form, which the purchaser—the river port—undertook to manufacture. The river transport workers put the construction workers in a spot. Even though today they assure us that the slip form has been made and needs only to be delivered to the project, there are no further words on the matter. The most amazing thing is that no particular efforts are required for the purchaser to deliver the ready item to the construction site—it is only 50 meters behind the gates of the port.

I shall quote the opinion of another construction worker, vitally interested in ceasing the "total calm" at the project. These are the words of Andrey Vasilyevich Prishchep, foreman:

"Last year we failed to get 100,000 rubles for the plan. We are obviously making a mess of the plan for the first quarter. It is annoying, for after all, such a warm dry winter is exceptionally favorable for construction and

installation work—we have not had one like it for a long time. What is the reason for this? Unsatisfactory organization of affairs at the project, the suppliers are letting us down, and indeed, the management of the trust could pay us more attention. Restructuring is in progress in the country and many things are changing for the better. These changes cannot be seen at the construction complex, however. We are working in the old way."

Does this mean that yet another lengthy construction project is going up at Kherson? Have the multi-billion losses recently incurred in the construction of similar national economic projects really taught us nothing?

#### **Maritime Fleet Computer Information Network Created**

18290144b Moscow IZVESTIYA in Russian  
30 Mar 89 p 6

[Article by A. Knop: "The Computer Looks Out on the Sea"]

[Text] **The USSR Ministry of the Maritime Fleet is creating the first sectorial computer information network in the country.**

It is not surprising that the Ministry of the Maritime Fleet undertook the creation of this network before any others: a tremendous volume of information about thousands of maritime ships, hundreds of ports of call and numerous connections with clients throughout the world must be concentrated in its memory banks.

"To create the computer information network we had to purchase about 40,000 personal computers and large and small electronic computers, which were then installed on the ships, in the shipping companies and the ports, and connected to each other and the Moscow Center by communication channels," says I. Orlov, chief of the Scientific-Technical Administration of the Ministry of the Maritime Fleet. "This network affords the optimum possibility for exchange of information on the locations of the ships, sailing conditions, cargoes, the economics of the runs, the well-being of the crews and the activity of the port complexes and ship repair yards at any time of day. All this is under conditions of a direct dialog, putting one's hand on the pulse of the situation at any minute, by using the data bank of any maritime fleet computer information center—a main one or a peripheral one. The network makes provision for direct communications with our foreign agents and with related transport organizations, for example, with the railroad and the river fleet. It is a question of up-to-date and efficient management of the sector."

The formation of the computer network on maritime transport has already begun. Hundreds of computers have been installed on the ships and at the work places of the managers. Local and regional networks are being created. A general sectorial network is being developed. By the end of this year its experimental sections on the Moscow-Leningrad and Moscow-Riga routes will begin to operate. Scientists of the Latvian SSR Academy of Sciences and foreign firms are actively assisting the Maritime Fleet Ministry workers in this operation.



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